

Trust Business Act

(Act No. 154 of December 3, 2004)

The Trust Business Act (Act No. 65 of 1922) shall be fully revised.

Chapter I General Provisions (Articles 1 and 2)

Chapter II Trust Companies

Section 1 General Provisions (Articles 3 to 16)

Section 2 Major Shareholders (Articles 17 to 20)

Section 3 Business (Articles 21 to 31)

Section 4 Accounting (Articles 32 to 35)

Section 5 Supervision (Articles 36 to 50)

Section 6 Special Provisions Concerning Specific Trusts (Articles 50-2 to 52)

Chapter III Foreign Trust Business Operators (Articles 53 to 64)

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Section 1 General Provisions (Articles 67 to 73)

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Chapter VI Miscellaneous Provisions (Articles 86 to 90)

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Supplementary Provisions

Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to ensure the protection of the settlors and beneficiaries of trusts by securing fairness in the acceptance of trusts and other transactions related thereto through the provision of the necessary matters for such persons as those carrying out Trust Business, and thereby to contribute to the sound development of the national economy.

(Definitions)

Article 2 (1) The term "Trust Business" as used in this Act shall mean business that is carried out for accepting trusts (excluding business involving the receipt of deposits of money to be allocated for costs pertaining to other transactions and excluding such business incidental to other transactions which are

specified by a Cabinet Order as being found not to interfere with the protection of settlors and beneficiaries thereof after taking into consideration of the content and other matters of such transactions,; the same shall apply hereinafter).

- (2) The term "Trust Company" as used in this Act shall mean a person who has been licensed by the Prime Minister under Article 3 or registered by the Prime Minister under Article 7(1).
- (3) The term "Custodian Type Custodian Trust Business" as used in this Act shall mean business that is carried out for accepting only those trusts that fall under any of the following items:
 - (i) trusts wherein trust property is managed or disposed of (including performance of any act as may be necessary for achieving the purpose of said trust; the same shall apply hereinafter) only under instructions from the settlor or any person delegated by the settlor to give instructions (limited to the cases where the settlor or the person delegated by the settlor to give instructions is a person other than those specified by a Cabinet Order as having a close share-capital or personal relationship with the trustee); or
 - (ii) trusts wherein trust property is only preserved, or only utilized or improved to the extent that it does not change the nature of the property.
- (4) The term "Custodian Type Trust Company" as used in this Act shall mean a company which has been registered by the Prime Minister under Article 7(1).
- (5) The term "Foreign Trust Business Operator" as used in this Act shall mean a person who carries out Trust Business in a foreign country according to that country's laws and regulations (excluding a Trust Company).
- (6) The term "Foreign Trust Company" as used in this Act shall mean a company which has been licensed by the Prime Minister under Article 53(1) or registered by the Prime Minister under Article 54(1).
- (7) The term "Custodian Type Foreign Trust Company" as used in this Act shall mean a company which has been registered by the Prime Minister under Article 54(1).
- (8) The term "Agency for Trust Agreements" as used in this Act shall mean business that is carried out for acting as an agent (limited to the case of acting as an agent for a Trust Company or a Foreign Trust Company) or an intermediary in concluding a trust agreement (excluding the case where the trustee of a trust based on said trust agreement is to be a person who has issued beneficial interest in said trust (including securities or a deed indicating said beneficial interest) (meaning an issuer as prescribed in Article 2(5) of the Financial Instruments and Exchange Act (Act No. 25 of 1948))).
- (9) The term "Agent for Trust Agreement" as used in this Act shall mean an agency which has been registered by the Prime Minister under Article 67(1).

Chapter II Trust Companies
Section 1 General Provisions

(License)

Article 3 No person may carry out Trust Business without obtaining a license from the Prime Minister.

(Application for License)

Article 4 (1) A person who wishes to obtain the license set forth in the preceding Article shall submit to the Prime Minister a written application therefor stating the following matters:

(i) the trade name;

(ii) the amount of stated capital;

(iii) the names of directors and company auditors (in the case of a company with committees, directors and executive officers; the same shall apply in Article 8(1));

(iv) in the case of a company with accounting advisors, the names of the accounting advisors;

(v) where the person carries out business other than trust business, the type of business; and

(vi) the names and locations of the head office and other business offices.

(2) The following documents shall be attached to the written application set forth in the preceding paragraph:

(i) the articles of incorporation;

(ii) a certificate of the registered matters of the company;

(iii) a statement of operational procedures;

(iv) a balance sheet;

(v) a document stating expected income and expenditures; and

(vi) other documents specified by a Cabinet Office Ordinance.

(3) The statement of operational procedures set forth in item (iii) of the preceding paragraph shall state the following matters:

(i) the type of trust property accepted;

(ii) the method of management or disposition of trust property;

(iii) the method of management of segregated trust property;

(iv) the system for carrying out trust business;

(v) in cases where part of trust business is delegated to a third party, the content of trust business delegated as well as standards and procedures pertaining to selection of the person delegated with said part of trust business (excluding the case where business listed in the items of Article 22(3) is delegated);

(vi) where the person carries out Business for the Sale and Purchase, etc. of

Beneficial Interest in Trust (which means business related to conducting the sale and purchase of beneficial interest in trust as prescribed in Article 65-5(1) of the Financial Instruments and Exchange Act; the same shall apply hereinafter), the system for carrying out said business; and
(vii) other matters specified by a Cabinet Office Ordinance.

(Licensing Standards)

Article 5 (1) Where an application for a license under Article 3 has been filed, the Prime Minister shall examine whether the person filing said application (referred to as the "Applicant" in the following paragraph) conforms to the following standards:

- (i) that the provisions of the articles of incorporation and the statement of operational procedures conform to laws and regulations and are also sufficient for the proper execution of trust business;
- (ii) that the applicant has a sufficient financial basis to allow for the sound execution of trust business; and
- (iii) in light of personnel composition, the applicant has knowledge and experience that allow for the right execution of trust business and also has sufficient social credibility.

(2) When the Applicant falls under any of the following items, or when the written application set forth in paragraph (1) of the preceding Article or any of the attached documents listed in the items of paragraph (2) of that Article include any false statements or fail to state any material facts, the Prime Minister shall not grant said Applicant a license.

- (i) a person who is not a stock company (limited to stock companies in which the following entities are present):
 - (a) a board of directors; and
 - (b) company auditors or committees (meaning committees as prescribed in Article 2(xii) of the Companies Act (Act No. 86 of 2005));
- (ii) a stock company whose amount of stated capital is less than the amount specified by a Cabinet Order as necessary and appropriate for the protection of settlors or beneficiaries;
- (iii) a stock company whose amount of net assets is less than the amount prescribed in the preceding item;
- (iv) a stock company which intends to use a trade name that is identical to a trade name already in use by another Trust Company or a trade name that is likely to cause misidentification with another Trust Company;
- (v) a stock company for which the renewal of a registration under Article 7(3) has been refused pursuant to the provisions of Article 10(1), whose license under Article 3 has been rescinded pursuant to the provisions of Article 44(1), whose registration under Article 7(1), Article 50-2(1), or Article 52(1) has

been rescinded pursuant to the provisions of Article 45(1), for which the renewal of a registration under Article 7(3), as applied mutatis mutandis pursuant to Article 50-2(2), has been refused pursuant to the provisions of paragraph (6) of that Article, whose registration under Article 67(1) has been rescinded pursuant to the provisions of Article 82(1), whose license under Article 3 of the Secured Bonds Trust Act (Act No. 52 of 1905) has been rescinded pursuant to the provisions of Article 12 of that Act, whose authorization under Article 1(1) of the Act on Provision, etc. of Trust Business by Financial Institutions (Act No. 43 of 1943) has been rescinded pursuant to the provisions of Article 10 of that Act, or a stock company whose license, registration, or authorization of the same kind (including permission or any other administrative disposition similar to said license, registration, or authorization; hereinafter the same shall apply in this item, item (viii)(d), and item (x)(a)) which was obtained in a foreign state has been rescinded or one for which the renewal of said license, registration, or authorization has been refused pursuant to the provisions of laws and regulations of the foreign state that are equivalent to this Act, the Secured Bonds Trust Act, or the Act on Provision, etc. of Trust Business by Financial Institutions, and where five years have yet to elapse since the date of rescission (in the case that a renewal is refused, the day on which a disposition for said refusal to renew was made; the same shall apply in item (viii)(d), (e), and (f) and item (x)(a));

(vi) a stock company which has been sentenced to a fine (including punishment equivalent thereto pursuant to the laws and regulations of a foreign state) for violating the provisions of this Act, the Trust Act (Act No. 108 of 2006), the Secured Bonds Trust Act, the Act on Provision, etc. of Trust Business by Financial Institutions, the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951), the Act on Regulation of Business Pertaining to Commodity Investment (Act No. 66 of 1991), the Act on Liquidation of Assets (Act No. 105 of 1998), the Copyright Management Business Act (Act No. 131 of 2000), or any other law specified by a Cabinet Order, or pursuant to the provisions of laws and regulations of a foreign state that are equivalent thereto, and where five years have yet to elapse since the day on which execution of the sentence was completed or since the day on which the stock company has ceased to be subject to execution of the sentence;

(vii) a stock company whose business other than trust business is not related to trust business, or a stock company for which carrying out said other business is found to be likely to interfere with the proper and reliable operations of its trust business;

(viii) a stock company whose directors or executive officers (including consultants, advisers, or any other persons who, irrespective of title, are

found to have power that is equivalent to or greater than directors or executive officers over said company; hereinafter the same shall apply in this item, Article 44(2), Article 45(2) and Article 50-2(6)(viii)), accounting advisors, or company auditors include a person who falls under any of the following:

- (a) an adult ward or a person under curatorship, or any person who is treated similarly thereto under the laws and regulations of a foreign state;
- (b) a bankrupt who has not obtained restoration of rights, or any person who is treated similarly thereto under the laws and regulations of a foreign state;
- (c) a person who has been sentenced to imprisonment without work or a severer punishment (including punishment equivalent thereto pursuant to the laws and regulations of a foreign state) and for whom five years have yet to elapse since the day on which execution of the sentence was completed or since the day on which the person ceased to be subject to execution of the sentence;
- (d) in regard to a juridical person for which the renewal of a registration under Article 7(3) has been refused pursuant to the provisions of Article 10(1), whose license under Article 3 has been rescinded pursuant to the provisions of Article 44(1), whose registration under Article 7(1), Article 50-2(1), or Article 52(1) has been rescinded pursuant to the provisions of Article 45(1), for which the renewal of a registration under Article 7(3) as applied *mutatis mutandis* pursuant to Article 50-2(2) has been refused pursuant to the provisions of paragraph (6) of that Article, for which the renewal of a registration under Article 7(3) as applied *mutatis mutandis* pursuant to Article 54(2) has been refused pursuant to the provisions of paragraph (6) of that Article, whose license under Article 53(1) has been rescinded pursuant to the provisions of Article 59(1), whose registration under Article 54(1) has been rescinded pursuant to the provisions of Article 60(1), or whose registration under Article 67(1) has been rescinded pursuant to the provisions of Article 82(1), or in regard to a juridical person whose license under Article 3 of the Secured Bonds Trust Act has been rescinded pursuant to the provisions of Article 12 of that Act, whose authorization under Article 1(1) of the Act on Provision, etc. of Trust Business by Financial Institutions has been rescinded pursuant to the provisions of Article 10 of that Act, or whose license, registration, or authorization of the same kind which was obtained in a foreign state has been rescinded or for whom the renewal of said license, registration, or authorization has been refused pursuant to the provisions of laws and regulations of the foreign state that are equivalent to this Act, the Secured Bonds Trust Act, or the Act on Provision, etc. of Trust Business by

Financial Institutions, a person who, within thirty days prior to the rescission, was a director or executive officer, accounting advisor, or a person equivalent thereto, or who was a representative of the relevant juridical person in Japan (which means a Representative in Japan as prescribed in Article 53(2)) and for whom five years have yet to elapse since the date of rescission;

- (e) a person whose registration under Article 67(1) has been rescinded pursuant to the provisions of Article 82(1), and for whom five years have yet to elapse since the date of rescission;
- (f) a person whose registration of the same kind as registration under Article 67(1) but which is obtained in a foreign state pursuant to the provisions of laws and regulations of the foreign state that are equivalent to this Act has been rescinded, or for whom the renewal of said registration has been refused and for whom five years have yet to elapse since the date of rescission;
- (g) a director, executive officer, accounting advisor, or company auditor who has received a dismissal order pursuant to the provisions of Article 44(2) or Article 45(2), a Representative in Japan or a resident officer of a branch office who has received a dismissal order pursuant to the provisions of Article 59(2) or Article 60(2), an officer who has received a dismissal order pursuant to the provisions of Article 82(2), or a director, executive officer, accounting advisor, company auditor, or a person equivalent thereto who has received a dismissal order pursuant to the provisions of laws and regulations of a foreign state that are equivalent to this Act, where five years have yet to elapse since the date of receipt of said disposition; or
- (h) a person who has been sentenced to a fine (including punishment equivalent thereto pursuant to the laws and regulations of a foreign state) for violating the provisions of any of the Acts prescribed in item (vi), the Companies Act, or any laws and regulations of a foreign state that are equivalent thereto, or for committing an offense set forth in Article 204, Article 206, Article 208, Article 208-3, Article 222, or Article 247 of the Penal Code (Act No. 45 of 1907), an offense set forth in the Act on Punishment of Physical Violence and Other Related Matters (Act No. 60 of 1926), or an offense set forth in Article 46, Article 47, Article 49, or Article 50 of the Act to Prevent Unjust Acts by Organized Crime Group Members (Act No. 77 of 1991), and for whom five years have yet to elapse since the day on which execution of the sentence was completed or since the day on which the person has ceased to be subject to execution of the sentence;
- (ix) a stock company whose Major Shareholders who are individuals (when the applicant is the Subsidiary Company of a Holding Company (meaning a Holding Company as prescribed in Article 9(5)(i) of the Act on Prohibition of

Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947); the same shall apply hereinafter), including Major Shareholders of said Holding Company; the same shall apply in the following item) include a person who falls under any of the following:

- (a) an adult ward or a person under curatorship, or a person who is treated similarly thereto under the laws and regulations of a foreign state, whose statutory agent falls under any of (a) to (h) inclusive of the preceding item; or
- (b) a person who falls under any of (b) to (h) inclusive of the preceding item;
- (x) a stock company whose Major Shareholders who are juridical persons include a person who falls under any of the following:
 - (a) a person for whom the renewal of a registration under Article 7(3) has been refused pursuant to the provisions of Article 10(1), whose license under Article 3 has been rescinded pursuant to the provisions of Article 44(1), whose registration under Article 7(1), Article 50-2(1), or Article 52(1) has been rescinded pursuant to the provisions of Article 45(1), for whom the renewal of a registration under Article 7(3) as applied mutatis mutandis pursuant to Article 50-2(2), has been refused pursuant to the provisions of paragraph (6) of that Article, for whom the renewal of a registration under Article 7(3) as applied mutatis mutandis pursuant to Article 54(2), has been refused pursuant to the provisions of paragraph (6) of that Article, whose license under Article 53(1) has been rescinded pursuant to the provisions of Article 59(1), whose registration under Article 54(1) has been rescinded pursuant to the provisions of Article 60(1), whose registration under Article 67(1) has been rescinded pursuant to the provisions of Article 82(1), whose license under Article 3 of the Secured Bonds Trust Act has been rescinded pursuant to the provisions of Article 12 of that Act, or whose authorization under Article 1(1) of the Act on Provision, etc. of Trust Business by Financial Institutions has been rescinded pursuant to the provisions of Article 10 of that Act, or whose license, registration, or authorization of the same kind which has been obtained in a foreign state has been rescinded pursuant to provisions of laws and regulations of the foreign state that are equivalent to this Act, the Secured Bonds Trust Act, or the Act on Provision, etc. of Trust Business by Financial Institutions, and for whom five years have yet to elapse since the date of rescission;
 - (b) a person who has been sentenced to a fine (including punishment equivalent thereto pursuant to laws and regulations of a foreign state) for violating the provisions of any of the laws prescribed in item (vi) or the provisions of any laws and regulations of a foreign state that are equivalent thereto, and for whom five years have yet to elapse since the

day on which execution of the sentence was completed or since the day on which the person has ceased to be subject to execution of the sentence; or
(c) a person whose directors or executive officers who represent a juridical person, accounting advisors, company auditors, or persons equivalent thereto include a person who falls under any of item (viii)(a) to (h) inclusive.

- (3) The amount specified by a Cabinet Order set forth in item (ii) of the preceding paragraph shall not be less than one hundred million yen.
- (4) The amount of net assets set forth in paragraph (2)(iii) shall be calculated pursuant to the provisions of a Cabinet Office Ordinance.
- (5) The term "Major Shareholder" set forth in paragraph (2)(ix) and (x) shall mean a person who holds not less than twenty-hundredths (in cases where there is any fact specified by a Cabinet Office Ordinance as a one that is presumed to have a material influence on decisions about the company's finances and business policies, fifteen-hundredths) of the voting rights (including those pertaining to shares which cannot be asserted against an issuer pursuant to the provisions of Article 147(1) or Article 148(1) of the Act on Transfer of Bonds, Shares, etc. (Act No. 75 of 2001), and excluding those specified by a Cabinet Office Ordinance which have been specified in consideration of the condition of holding or other circumstances; hereinafter referred to as "Subject Voting Rights" in this Article and Article 17(1)) of all shareholders or investors of the company (for a stock company, excluding voting rights for shares which can be exercised only for part of the matters that can be resolved at a shareholder's meeting, but including voting rights for shares which are deemed to be held pursuant to the provisions of Article 879(3) of the Companies Act; the same shall apply hereinafter).
- (6) The term "Subsidiary Company" set forth in paragraph (2)(ix) shall mean a company for which the majority of the voting rights of all shareholders are held by another company. In this case, where a company and one or more of its subsidiaries hold the majority of the voting rights of all shareholders of another company, or one or more of the subsidiary companies of the first company hold the majority of the voting rights of all shareholders of another company, said another company shall be deemed to be the Subsidiary Company of the first company.
- (7) With regard to the application of the provisions of paragraph (5) in the cases listed in the following items, the Subject Voting Rights prescribed in those items shall be deemed to be held:
 - (i) in cases where the person has the authority to exercise Subject Voting Rights of the company or the authority to give instructions for the exercise of said Subject Voting Rights pursuant to a trust agreement or any other agreement or the provisions of law: said Subject Voting Rights;

- (ii) in cases where a person who has a relationship of stock-ownership, relationship of relatives, or any other special relationship specified by a Cabinet Order with a company, holds voting rights in that company: said Subject Voting Rights held by the person who has said special relationship with the company.
- (8) When the Prime Minister finds it necessary in light of the standards for examination under the provisions of paragraph (1), the Prime Minister may, to the extent deemed necessary, impose conditions on the license under Article 3 or make changes thereto.

(Reduction of Stated Capital)

Article 6 When a Trust Company (excluding a Custodian Type Trust Company) intends to reduce the amount of its stated capital, it shall obtain authorization therefor from the Prime Minister.

(Registration)

- Article 7 (1) A person who has been registered by the Prime Minister may, notwithstanding the provisions of Article 3, carry out Custodian Type Trust Business.
- (2) The validity of registration set forth in the preceding paragraph shall be three years from the date of registration.
- (3) A person who intends to continue to carry out Custodian Type Trust Business after the expiration of the validity shall apply for renewal of its registration within the period specified by a Cabinet Order.
- (4) When a registration has been renewed as set forth in the preceding paragraph, the validity of the registration shall be three years from the day following the date of expiration of the validity of the previous registration.
- (5) A person who wishes to have the registration renewed as under paragraph (3) shall pay fees therefor pursuant to the provisions of a Cabinet Order.
- (6) Where an application has been filed for the renewal of a registration under paragraph (3), when no disposition pertaining to the application has been made prior to the expiration of the validity of the registration, the previous registration shall remain in force until a disposition is made even after the expiration of the validity thereof.

(Application for Registration)

Article 8 (1) A person applying for registration under paragraph (1) of the preceding Article (including the renewal of a registration under paragraph (3) of that Article; the same shall apply in Article 10(1), Article 45(1)(iii), and Article 91(iii)) (referred to as "Applicant" in Article 10(1)) shall submit a written application to the Prime Minister stating the following matters:

- (i) the trade name;
 - (ii) the amount of stated capital;
 - (iii) the names of directors and company auditors;
 - (iv) in the case of a company with accounting advisors, the names of the accounting advisors;
 - (v) where the person carries out business other than trust business, the type of business; and
 - (vi) the names and locations of the head office and other business offices.
- (2) The following documents shall be attached to the written application set forth in the preceding paragraph:
- (i) the articles of incorporation;
 - (ii) the company's certificate of registered matters;
 - (iii) a statement of operational procedures;
 - (iv) a balance sheet; and
 - (v) other documents specified by a Cabinet Office Ordinance.
- (3) The statement of operational procedures set forth in item (iii) of the preceding paragraph shall state the following matters:
- (i) the type of trust property accepted;
 - (ii) the method of management or disposition of trust property;
 - (iii) the method of segregated management of trust property;
 - (iv) the system for carrying out trust business;
 - (v) in cases where part of trust business is delegated to a third party, the content of trust business delegated as well as standards and procedures pertaining to selection of a person delegated with said part of trust business (excluding the case where business listed in the items of Article 22(3) is delegated); and
 - (vi) other matters specified by a Cabinet Office Ordinance.

(Registration in the Registry)

Article 9 (1) Where an application for registration under Article 7(1) has been filed, the Prime Minister shall register the following matters in the Custodian Type Trust Companies' registry except when the Prime Minister refuses to register the Applicant pursuant to the provisions of paragraph (1) of the following Article:

- (i) the matters listed in the items of paragraph (1) of the preceding Article; and
 - (ii) the date of registration and the registration number.
- (2) The Prime Minister shall make the Custodian Type Trust Companies' registry available for public inspection.

(Refusal of Registration)

Article 10 (1) When the Applicant falls under any of the following items or when

the written application set forth in Article 8(1) or any of the attached documents listed in the items of paragraph (2) of that Article include any false statements or fail to state any material facts, the Prime Minister shall refuse to register the Applicant:

- (i) a person who falls under any of the items of Article 5(2) (excluding items (ii) and (iii));
 - (ii) a stock company whose amount of stated capital is less than the amount specified by a Cabinet Order as necessary and appropriate for the protection of settlors or beneficiaries;
 - (iii) a stock company whose amount of net assets is less than the amount prescribed in the preceding item;
 - (iv) a stock company for whom provisions of the articles of incorporation or the statement of operational procedures do not conform to laws and regulations or are not sufficient for it to properly execute Custodian Type Trust Business; or
 - (v) a stock company which, in light of its personnel composition, is found not to have the knowledge and experience that would allow for the right execution of Custodian Type Trust Business.
- (2) The amount of net assets set forth in item (iii) of the preceding paragraph shall be calculated pursuant to the provisions of a Cabinet Office Ordinance.

(Security Deposit)

Article 11 (1) A Trust Company shall deposit a security deposit with the closest official depository to its head office.

- (2) The amount of the security deposit set forth in the preceding paragraph shall be the amount specified by a Cabinet Order in consideration of the contents of trust business and the necessity of protecting the beneficiaries.
- (3) When a Trust Company concludes a contract under which the other party promises to deposit the required security deposit on behalf of said Trust Company in accordance with an order of the Prime Minister, and has notified the Prime Minister to that effect pursuant to the provisions of a Cabinet Order, said Trust Company may elect not to deposit all or part of the security deposit set forth in paragraph (1) with regard to the money to be deposited under said contract (hereinafter referred to as the "Contract Amount" in this Article) during the period in which said contract remains in force.
- (4) When the Prime Minister finds it necessary for the protection of the beneficiaries, he/she may order the party who has concluded the contract set forth in the preceding paragraph with a Trust Company or said Trust Company to deposit all or part of the Contract Amount.
- (5) No Trust Company shall begin trust business until it has deposited the security deposit set forth in paragraph (1) (including conclusion of a contract

- set forth in paragraph (3)) and has notified the Prime Minister to that effect.
- (6) The beneficiary of a trust shall have the right to receive, in preference over other creditors, payment of claims arising with regard to the trust from the security deposit made by the Trust Company that is the trustee of the trust.
- (7) The matters necessary for execution of the right set forth in the preceding paragraph shall be specified by a Cabinet Order.
- (8) When the amount of the security deposit (including the Contract Amount; the same shall apply in paragraph (10)) falls short of the amount specified by a Cabinet Order set forth in paragraph (2), the Trust Company shall, within three weeks from the day specified by a Cabinet Office Ordinance, deposit (including conclusion of a contract set forth in paragraph (3)) the amount of such shortfall, and notify the Prime Minister to that effect without delay.
- (9) A security deposit to be deposited pursuant to the provisions of paragraph (1) or the preceding paragraph may be substituted by national government bond certificates, municipal bond certificates, or other securities specified by a Cabinet Office Ordinance (including book-entry transferred bonds prescribed in Article 278(1) of the Act on Transfer of Bonds, Shares, etc.)
- (10) When a transfer of trust property to a new trustee or assignment of trust property to a person entitled thereto has been completed in a case where the renewal of a registration under Article 7(3) has not been effected, when a license under Article 3 has been rescinded pursuant to the provisions of Article 44(1), when a registration under Article 7(1) has been rescinded pursuant to the provisions of Article 45(1), when a license under Article 3 or a registration under Article 7(1) ceases to be effective pursuant to the provision Article 46(1), or when the amount of the security deposit exceeds the amount specified by a Cabinet Order as prescribed in paragraph (2), all or part of the security deposit deposited pursuant to the provisions of paragraph (1), (4), or (8) may be refunded pursuant to the provisions of a Cabinet Order.
- (11) In addition to what is prescribed in each of the preceding paragraphs, necessary matters regarding security deposits shall be specified by a Cabinet Office Ordinance and an Ordinance of the Ministry of Justice.

(Notification of Changes)

- Article 12 (1) When there is a change in any of the matters listed in the items of Article 4(1), a Trust Company (excluding Custodian Type Trust Company) shall notify the Prime Minister to that effect within two weeks from the date of said change.
- (2) When there is a change in any of the matters listed in the items of Article 8(1), a Custodian Type Trust Company shall notify the Prime Minister to that effect within two weeks from the date of said change.
- (3) When the Prime Minister has received a notification set forth in the preceding

paragraph, the Minister shall register to that effect in the Custodian Type Trust Companies' registry.

(Changes to the Statement of Operational Procedures)

Article 13 (1) When a Trust Company (excluding a Custodian Type Trust Company) intends to change its statement of operational procedures, it shall obtain approval therefor from the Prime Minister.

(2) When a Custodian Type Trust Company intends to change its statement of operational procedures, it shall notify the Prime Minister to that effect in advance.

(Trade Name)

Article 14 (1) A Trust Company shall use the word "trust" in its trade name.

(2) A person who is not a Trust Company shall not use, in its name or trade name, any word that is likely to cause the misunderstanding that the person is a Trust Company; provided, however, that this shall not apply to a person who has obtained a license under Article 3 of the Secured Bonds Trust Act or authorization under Article 1(1) of the Act on Provision, etc. of Trust Business by Financial Institutions.

(Prohibition on Name Lending)

Article 15 No Trust Company shall have another person carry out Trust Business in its own name.

(Restriction, etc. on Concurrent Positions Being Held by Directors)

Article 16 (1) Where a director (in the case of a company with committees, an executive officer) who engages in the full time business, of a Trust Company, engages in the full time business of another company or carries out business, the director shall obtain the approval of the Prime Minister.

(2) The provisions of the proviso to Article 331(2) (including the case where it is applied mutatis mutandis pursuant to Article 335(1) of the Companies Act), Article 332(2) (including the case where it is applied mutatis mutandis pursuant to Article 334(1) of that Act), Article 336(2), and the proviso to Article 402(5) of that Act shall not apply to Trust Companies.

Section 2 Major Shareholders

(Notification by Major Shareholders)

Article 17 (1) A person who has become a Major Shareholder of a Trust Company (meaning a Major Shareholder as prescribed in Article 5(5); the same shall apply hereinafter) shall submit a notification of Subject Voting Rights Held to

the Prime Minister, stating the Ratio of the Subject Voting Rights Held (meaning the rate calculated by dividing the number of Subject Voting Rights held by a person holding said Subject Voting Rights by the number of voting rights of all shareholders of said Trust Company), the purpose of such holding, and other matters specified by a Cabinet Office Ordinance without delay.

(2) A document in which the Major Shareholder swears that the shareholder does not fall under Article 5(2)(ix) and (x) and other documents specified by a Cabinet Office Ordinance shall be attached to the notification of Subject Voting Rights Held set forth in the preceding paragraph.

(Order on Measures)

Article 18 Where a Major Shareholder of a Trust Company falls under any of Article 5(2), item (ix), sub-item (a) or (b) or item (x), sub-item (a), (b), or (c), the Prime Minister may order said Major Shareholder to take measures so that the said Major Shareholder will cease to be a Major Shareholder of said Trust Company or other necessary measures, and may specify a period not exceeding three months therefor.

(Notification by Persons Who Have Ceased to Be Major Shareholders)

Article 19 When a Major Shareholder of a Trust Company has ceased to be a Major Shareholder of said Trust Company, the Major Shareholder shall notify the Prime Minister to that effect without delay.

(Application to Holding Companies Which Have a Trust Company as Their Subsidiary Company)

Article 20 The provisions of the preceding three Articles shall apply mutatis mutandis to the shareholders or investors of a Holding Company which has a Trust Company as its Subsidiary Company (meaning a Subsidiary Company as prescribed in Article 5(6); the same shall apply hereinafter except in Article 51).

Section 3 Business

(Scope of Business)

Article 21 (1) In addition to Trust Business, a Trust Company may carry out Agency for Trust Agreements, Business for the Sale and Purchase, etc. of Beneficial Interest in Trust, and property management business (limited to business for managing property of the same kind as the trust property stated in the statement of operational procedures (meaning a statement of operational procedures as set forth in Article 4(2)(iii) or Article 8(2)(iii)) of said Trust Company by the same method as the method of managing said trust property).

(2) In addition to business carried out pursuant to the provisions of the preceding

paragraph, a Trust Company may, with the approval of the Prime Minister, carry out business that is not likely to interfere with the proper and reliable operation of its trust business and which is related thereto.

- (3) When a Trust Company wishes to obtain the approval set forth in the preceding paragraph, it shall submit a written application to the Prime Minister with a document stating the content and method of business to be carried out as well as reasons for carrying out said business attached thereto.
- (4) When a Trust Company intends to change the content or method of business carried out pursuant to the provisions of paragraph (2), it shall obtain approval therefor from the Prime Minister.
- (5) A Trust Company may not carry out business other than business carried out pursuant to the provisions of paragraphs (1) and (2).
- (6) Where a written application for a license under Article 3 or for registration under Article 7(1) includes a statement to the effect that the applicant carries out business other than business carried out pursuant to paragraph (1), when said applicant has obtained said license or registration, the applicant shall be deemed to have obtained approval set forth in paragraph (2) with regard to carrying out said business.

(Delegation of Trust Business)

Article 22 (1) A Trust Company may delegate to a third party part of its trust business with regard to the delegated trust property only when all of the following requirements are fulfilled:

- (i) that the delegation of a part of trust business and the person who is delegated with the trust business (where the delegated party has not been settled, standards and procedures pertaining to selection thereof) have been made clear in the terms of trust; and
 - (ii) that the person who is delegated with the trust business is a person who is able to rightly execute the delegated trust business.
- (2) With regard to the application of the provisions of Article 28 and Article 29 (excluding paragraph (3)) and the provisions of Chapter VII pertaining to these provisions in cases where a Trust Company has delegated its trust business, the term "Trust Company" in these provisions shall be deemed to be replaced with "Trust Company (including a person who has been delegated by said Trust Company)."
- (3) The provisions of the preceding two paragraphs (excluding paragraph (1), item (ii)) shall not apply to the case where the following business is delegated:
- (i) business pertaining to the act of preserving trust property;
 - (ii) business for the purpose of utilizing or improving trust property within an extent that does not change the nature of the trust property; or
 - (iii) business not falling under either of the preceding two items which is

specified by a Cabinet Office Ordinance as being found not to interfere with the protection of the beneficiaries.

(Trust Company Liability Pertaining to delegation of Trust Business)

Article 23 (1) A Trust Company shall be liable for compensating for damages caused to a beneficiary with regard to business conducted by a person delegated with trust business by said Trust Company; provided, however, that this shall not apply to the case where a Trust Company has taken appropriate care in selecting an delegated person and made efforts to prevent the damages caused to a beneficiary with regard to the business conducted by the delegated person under the delegation.

(2) The preceding paragraph shall not apply to cases where the Trust Company has delegated trust business to any of the third parties listed in the following items (in the case of the third party listed in item (i) or (ii), limited to a party having a close shareholding or personnel relationship with the settlor as specified by a Cabinet Order and not having a close shareholding or personnel relationship with the trustee as specified by a Cabinet Order); provided, however, that this shall not apply to cases where the Trust Company knows that the delegated party is unsuitable or untrustworthy or that the delegated party is not carrying out the delegated trust business appropriately, and fails to notify the beneficiaries (in cases where a beneficiary has a trust manager or agent at that time, including said trust manager or agent; the same shall apply in item (iii) of this paragraph, Article 29-3 and Article 51(1)(v)) thereof, fails to cancel the delegation to the delegated party, or fails to take any other necessary measures:

(i) a third party designated in the terms of trust;

(ii) in cases where the terms of trust specifies to the effect that the Trust Company will delegate the trust business to a third party designated by the settlor, the third party designated in accordance therewith; or

(iii) in cases where the terms of trust specifies to the effect that the Trust Company will delegate the trust business to a third party designated by the beneficiary, the third party designated in accordance therewith.

(Rules for Acts Pertaining to Acceptance of a Trust)

Article 24 (1) No Trust Company shall commit the following acts (in the case of accepting a trust under a Specific Trust Agreement prescribed in the following Article, excluding acts listed in item (v)) with regard to acceptance of trusts:

(i) the act of informing a settlor of a false fact;

(ii) the act of providing a settlor with a assertive conclusion on an uncertain matter or informing a settlor of something that is likely to cause the settlor to misunderstand that an uncertain matter is certain;

- (iii) the act of promising to provide a settlor, beneficiary, or third party with special profits, or providing special profits (including the act of having a third party promise to provide special profits or having a third party provide special profits thereto);
 - (iv) the act of promising to compensate a settlor, beneficiary, or third party in cases where any loss has occurred with regard to beneficial interest in trust, the act of promising to supplement any shortfall in the case that a pre-determined amount of profits is not obtained, the act of compensating for losses in cases where any loss has occurred with regard to beneficial interest in trust or the act of supplementing any shortfall in the case that a pre-determined amount of profits is not obtained (including the act of having a third party promise to conduct or conduct said acts, but excluding the case of compensating for losses caused by an accident imputable to the Trust Company's own liability); and
 - (v) other acts specified by a Cabinet Office Ordinance as lacking in protection for the settlors.
- (2) A Trust Company shall accept a trust appropriate in light of the status of the settlors' knowledge, experience, and property and the purpose of concluding the trust agreement, and carry out its business so as not to lack protection for the settlors.

(Application Mutatis Mutandis of the Financial Instruments and Exchange Act)

Article 24-2 The provisions of Chapter III, Section 1, Subsection 5 of the Financial Instruments and Exchange Act (Professional Investors) (excluding Article 34-2(6) to (8) inclusive (Cases Where Professional Investors Are Deemed to Be Customers Other Than Professional Investors) and Article 34-3(5) and (6) (Cases Where Juridical Persons Who Are Customers Other than Professional Investors Are Deemed to Be Professional Investors)), the provisions of Chapter III, Section 2, Subsection 1 of that Act (General Rules) (excluding Article 35 to Article 36-4 inclusive (Scope of Business of Persons Who Engage in Type I Financial Instruments Business or Investment Management Business; Scope of Additional Business of Persons Who Only Engage in Type II Financial Instruments Business or Investment Advisory and Agency Business; Duty of Good Faith to Customers; Posting of Signs; Prohibition on Name Lending; Prohibition on Administration of Bonds, etc.), Article 37(1)(ii) (Regulations on Advertising, etc.), Article 37-2 (Obligation to Clarify in Advance), Article 37-3(1)(ii) to (iv) inclusive and (vi) and 37-3(3) (Delivery of Documents Prior to the Conclusion of a Contract), Article 37-4 (Delivery of Documents upon Conclusion of a Contract, etc.), Article 37-5 (Delivery of Documents Pertaining to Receipt of Security Deposits), Article

38(i) and (ii) and Article 38-2 (Prohibited Acts), Article 39(1), Article 39(2)(ii), Article 39(3) and (5) (Prohibition of Compensation of Loss, etc.), Article 40(i) (Rule of Suitability), and Article 40-2 to Article 40-5 inclusive (Best Execution Policy; Prohibition of Sales and Purchases, etc. where Separate Management Is Not Maintained; Restriction on Sales, etc. of Securities to Professional Investors; Obligation to Provide Professional Investors with Information Regarding Securities)), and the provisions of Article 45 (Miscellaneous Provisions) of that Act (excluding items (iii) and (iv)) shall apply mutatis mutandis to acceptance by a Trust Company of a trust under a trust agreement (meaning those that are specified by a Cabinet Office Ordinance as trust agreements with the risk of a trust principal loss caused by fluctuation in the interest rate, currency value, quotations on a Financial Instruments Market (meaning a Financial Instruments Market as prescribed in Article 2(14) of that Act), or any other index; hereinafter referred to as a "Specific Trust Agreement"). In this case, the term "Contract for a Financial Instruments Transaction" and "Financial Instruments Business" in these provisions shall respectively be deemed to be replaced with "Specific Trust Agreement" and "business for the conclusion of Specific Trust Agreements"; the term "Financial Instruments Transaction" in these provisions (excluding Article 34 of that Act) shall be deemed to be replaced with "conclusion of Specific Trust Agreements"; the term "contract to carry out Acts for a Financial Instruments Transaction (meaning acts listed in the items of Article 2(8); the same shall apply hereinafter) with a customer as the other party or on behalf of a customer" in Article 34 of that Act shall be deemed to be replaced with "Specific Trust Agreements prescribed in Article 24-2 of the Trust Business Act"; the term "the trade name or name and address" in Article 37-3(1)(i) of the Financial Instruments and Exchange Act shall be deemed to be replaced with "the address"; the term "Article 37-4(1)" in Article 37-6(1) of that Act shall be deemed to be replaced with "Article 26(1) of the Trust Business Act"; the terms "Sales and Purchases or Other Transactions of Securities, etc." and "item (i) of the preceding paragraph" in Article 39(2)(i) of the Financial Instruments and Exchange Act shall respectively be deemed to be replaced with "conclusion of Specific Trust Agreements" and "Compensation of Losses, etc. (meaning compensation for losses or supplementation of profit as prescribed in Article 24(1)(iv) of the Trust Business Act; the same shall apply in item (iii))"; the term "Sales and Purchases or Other Transactions of Securities, etc." and "provided under item (iii) of the preceding paragraph" in Article 39(2)(iii) of the Financial Instruments and Exchange Act shall respectively be deemed to be replaced with "conclusion of Specific Trust Agreements" and "pertaining to compensation of losses, etc."; and the term "Problematic Conduct" in Article 39(4) of that Act shall be deemed to be replaced with "an accident imputable to

a Trust Company." In addition, the necessary technical replacement of terms shall be specified by a Cabinet Order.

(Explanation of the Content of a Trust Agreement)

Article 25 When a Trust Company accepts a trust under a trust agreement, it shall in advance provide the settlor with the trade name of said Trust Company as well as an explanation on the matters listed in items (iii) to (xvi) inclusive of paragraph (1) of the following Article (when the trust company accepts a trust under a Specific Trust Agreement, the matters listed in that items shall be excluded); provided, however, that this shall not apply to the cases specified by a Cabinet Office Ordinance as cases where omission of such explanation will not interfere with the protection of the settlor.

(Delivery of Documents on Concluding a Trust Agreement)

Article 26 (1) When a Trust Company has accepted a trust under a trust agreement, it shall deliver a document specifying the following matters to the settlor without delay; provided, however, that this shall not apply to the cases specified by a Cabinet Office Ordinance as cases where not delivering said documents will not interfere with the protection of the settlor.

- (i) the year, month, and day of conclusion of the trust agreement;
- (ii) the name of the settlor, and the trade name of the trustee;
- (iii) the purposes of the trust;
- (iv) matters concerning the trust property;
- (v) matters concerning the period of the trust agreement;
- (vi) matters concerning the method of management or disposition of trust property (with regard to a trust not falling under any of the items of Article 2(3), including the policy for management or disposition of trust property);
- (vii) in cases where trust business is to be delegated (excluding the cases where business listed in the items of Article 22(3) is to be delegated), the contents of trust business to be delegated as well as the name and address or location of the person to be delegated with said business (where the delegated party has not been settled, the standards and procedures pertaining to selection thereof);
- (viii) in cases where any transaction listed in the items of Article 29(2) is to be conducted, the fact that said transaction will take place and an outline of said transaction;
- (ix) matters concerning the beneficiaries;
- (x) matters concerning delivery of the trust property;
- (xi) matters concerning the trust fees;
- (xii) matters concerning taxes and other costs related to the trust property;
- (xiii) matters concerning the accounting period for the trust property;

- (xiv) matters concerning reports on the status of management or disposition of the trust property;
 - (xv) matters concerning termination of the trust agreement by agreement; and
 - (xvi) any other matters specified by a Cabinet Office Ordinance.
- (2) A Trust Company may, in lieu of delivering the document set forth in the preceding paragraph, provide the information that is to be contained in the document under that paragraph by Electromagnetic Means (meaning a method using an electronic data processing system or other methods using information and communications technology which are specified by a Cabinet Office Ordinance; the same shall apply hereinafter), with the approval of the settlor, pursuant to the provisions of a Cabinet Order. In this case, the Trust Company shall be deemed to have delivered said document.
- (3) The accounting period for the trust property prescribed in paragraph (1)(xiii) shall not exceed one year, unless otherwise provided for in a Cabinet Office Ordinance.

(Delivery of Reports on the Status of Trust Property)

- Article 27 (1) A Trust Company shall prepare a report on the status of trust property delegated thereto for each accounting period therefor, and deliver it to the beneficiaries of said trust property; provided, however, that this shall not apply to the cases specified by a Cabinet Office Ordinance as the cases where not delivering said report will not interfere with the protection of the beneficiaries.
- (2) The provisions of paragraph (2) of the preceding Article shall apply mutatis mutandis to the delivery of a report on the status of trust property set forth in the preceding paragraph to the beneficiaries.

(Trust Companies' Duty of Loyalty, etc.)

- Article 28 (1) Trust Companies shall loyally carry out trust business or other business for beneficiaries in accordance with the main purpose of trust.
- (2) Trust Companies shall carry out trust business with due care of a prudent manager in accordance with the main purpose of trust.
- (3) Trust Companies shall, pursuant to the provisions of a Cabinet Office Ordinance, develop a system for managing property entrusted thereto as trust property, its own property, and property entrusted thereto as the trust property of other trusts in a segregated manner, and shall develop other systems to avoid damage being done to trust property and to prevent Trust Business from losing credibility pursuant to the provisions of Article 34 of the Trust Act.

(Rules of Conducts Pertaining to Trust Property)

Article 29 (1) No Trust Company shall commit the following acts with regard to entrusted trust property:

- (i) an act of conducting a transaction under conditions which are different from those for ordinary transactions and because of which the transaction will cause damage to the trust property;
- (ii) an act of conducting a transaction which is unnecessary in light of the purpose of the trust, the status of the trust property, or the policy for the management or disposition of the trust property;
- (iii) an act of conducting a transaction (excluding one specified by a Cabinet Office Ordinance) in pursuit of the Trust Company's own interests or the interests of a person other than the beneficiary of the trust property by using information on said trust property; and
- (iv) other acts specified by a Cabinet Office Ordinance as those which are likely to cause damages to trust property or to cause Trust Business to lose credibility.

(2) No Trust Company shall conduct the following transactions, except in cases where there are provisions to the effect that any of the following transactions are to be conducted and provisions on the outline of said transaction, in the terms of trust, or the case where the approval of the beneficiaries (in cases where a beneficiary has a trust manager or an agent at that time, including said trust manager or agent) has been obtained in advance, in writing or by Electromagnetic Means, by disclosing material facts relating to said transaction (excluding the case where there are provisions in the act of trust to the effect that said Trust Company may not conduct said transaction), which is specified by a Cabinet Office Ordinance as a case where conducting said transaction will not interfere with the protection of the beneficiaries:

- (i) a transaction between the Trust Company itself or its Interested Person (meaning a person specified by a Cabinet Order as having a share-capital relationship or a close personal relationship) and the trust property;
- (ii) a transaction between the trust property of one trust and the trust property of another trust;
- (iii) a transaction conducted with a third party for the trust property in which the Trust Company acts as an agent of the third party.

(3) Where a Trust Company has conducted any of the transactions set forth in the items of the preceding paragraph, it shall prepare, with respect to each accounting period for the trust property, a document stating the status of said transaction during said period, and shall deliver said document to the beneficiary of said trust property; provided, however, that this shall not apply to the cases specified by a Cabinet Office Ordinance as cases where not delivering said document will not interfere with the protection of the beneficiaries.

(4) The provisions of Article 26(2) shall apply mutatis mutandis to the delivery of a document set forth in the preceding paragraph to the beneficiary.

(Major Change, etc. to Trust)

Article 29-2 (1) When a Trust Company intends to make any material modification to a trust (meaning a modification to a trust pertaining to the matters listed in the items of Article 103(1) of the Trust Act) or to consolidate or split a trust (hereinafter referred to as "Material Modification, etc. to the Trust" in this Article), it shall give public notice of the following matters pursuant to the provisions of a Cabinet Office Ordinance or send a notice to the respective beneficiaries (in cases where a beneficiary has a trust manager or an agent at that time, including said trust manager or agent; hereinafter the same shall apply in this Article), excluding the cases where such changes, etc. are not in conflict with the purpose of the trust and such changes, etc. are clearly in line with the beneficiaries' interests or any other cases specified by a Cabinet Office Ordinance.

(i) that it intends to make Major Changes, etc. to the Trust;

(ii) that a beneficiary who have any objection to the Major Changes, etc. to the Trust should raise their objections within a certain period of time; and

(iii) any other matters specified by a Cabinet Office Ordinance.

(2) The period set forth in item (ii) of the preceding paragraph shall not be less than one month.

(3) No Material Modification, etc. to the Trust prescribed in paragraph (1) shall be effected in cases where the number of beneficial interests in the trust held by beneficiaries who raised objections within the period prescribed in paragraph (1)(ii) exceeds half of the total number of beneficial interests in said trust (or, if the conditions of each beneficial interest are not the same, cases where the price of beneficial interest in the trust held by such beneficiaries exceeded half of the total price of the beneficial interests in the trust as of the time of the public notice or notice pursuant to the provision of that paragraph, or any other cases specified by a Cabinet Office Ordinance).

(4) The provisions of the preceding three paragraphs shall not apply to a case to which any of the following items applies:

(i) when the act of trust provides that Material Modification, etc. to the Trust are subject to majority vote at a beneficiaries meeting;

(ii) when the approval of beneficiaries holding beneficial interests exceeding half of the total number of the beneficial interests in the trust (or, if the conditions of each beneficial interest are not the same, the total price of said beneficial interests in the trust or any others specified by a Cabinet Office Ordinance) has been obtained by a method other than that specified in the preceding item; or

(iii) in addition to the cases listed in the preceding two items, those specified by a Cabinet Office Ordinance as cases equivalent thereto.

(5) With regard to a trust agreement to be concluded between a Trust Company and a large number of settlors pursuant to same general conditions of trust, the trust pertaining to said the general conditions of trust shall be deemed to be a single trust pursuant to the provisions of said trust agreement and the provisions of each of the preceding paragraphs shall apply.

(Explanation of the Scope, etc. of Reimbursement or Advance Payment of Expenses, etc.)

Article 29-3 When a Trust Company is trying to reach an agreement prescribed in Article 48(5) of the Trust Act (including the cases where it is applied mutatis mutandis pursuant to Article 54(4) of that Act) with a beneficiary, it shall provide an explanation on the scope of reimbursement of Expenses, etc. (meaning Expenses, etc. prescribed in Article 48(1) of that Act) or trust fees to be paid pursuant to said agreement, or on the scope of advance payment of expenses or trust fees to be paid pursuant to said agreement, as well as other matters specified by a Cabinet Office Ordinance.

(Exceptions to Public Notice of a Trust)

Article 30 Where a Trust Company registers a transfer under Article 3 of the Act on National Government Bonds (Act No. 34 of 1906) or where there is any other registration specified by a Cabinet Office Ordinance or an Ordinance of the Ministry of Finance with regard to Registered National Government Bonds (meaning national government bonds registered pursuant to the provisions of Article 2(2) of that Act) which the Trust Company holds as trust property pursuant to the provisions of a Cabinet Office Ordinance or an Ordinance of the Ministry of Finance and which are registered by clearly indicating that said registered national government bonds are trust property, with regard to the application of the provisions of Article 14 of the Trust Act, such registration shall be deemed to be registration of a trust.

(Offsetting of Obligations Pertaining to Trust Property)

Article 31 (1) A Trust Company may offset the claim on a trust property whose obligor is a Clearing Organization (meaning a Financial Instruments Clearing Organization as prescribed in Article 2(29) of the Financial Instruments and Exchange Act; hereinafter the same shall apply in this paragraph) (limited to cases where the Clearing Organization has become the obligor due to the assumption of obligations (limited to assumption of obligations undertaken on Assumption of Financial Instruments Obligations as prescribed in Article 156-3(1)(vi) of that Act; hereinafter the same shall apply in this paragraph))

against another trust property's obligations (limited to those assumed as consideration for assumption of obligations by the Clearing Organization); provided, however, that this shall not apply to cases where otherwise provided for in the act of trust.

- (2) When a Trust Company which has offset claims pursuant to the provisions of the preceding paragraph causes any damage to the trust property arising from said set-off, it shall be liable for compensating for the damages.

Section 4 Accounting

(Business Year)

Article 32 The business year of a Trust Company shall be from April 1 of a given year to March 31 of the next year.

(Business Report)

Article 33 A Trust Company shall prepare a business report with respect to each business year and submit it to the Prime Minister within three months from the end of each business year.

(Public Inspection of Explanatory Documents Concerning the Status of Business and Property)

Article 34 (1) A Trust Company shall prepare an explanatory document stating matters specified by a Cabinet Office Ordinance as those concerning the status of business and property with respect to each business year, and shall keep copies thereof at all of its business offices and thereby make it available for public inspection for one year from the day on which the period specified by a Cabinet Office Ordinance has elapsed after the end of each business year.

- (2) The explanatory document prescribed in the preceding paragraph may be prepared in the form of an Electromagnetic Record (meaning a record in electronic form, magnetic form, or any other form not recognizable to human perception, which is used in information processing by computers and which is specified by a Cabinet Office Ordinance; the same shall apply hereinafter).

- (3) When the explanatory document prescribed in paragraph (1) has been prepared in the form of an Electromagnetic Record, a Trust Company may take measures specified by a Cabinet Office Ordinance as those for making information contained in said explanatory document available to unspecified many persons by Electromagnetic Means at its business offices. In this case, the explanatory document prescribed in that paragraph shall be deemed to have been made available for public inspection.

(Denial of a Shareholder's Right to Inspect the Books)

Article 35 The provisions of Article 433 of the Companies Act shall not apply to accounting books of a Trust Company (excluding Custodian Type Trust Companies; hereinafter the same shall apply in this Article to Article 39 inclusive) and materials relevant thereto (limited to those pertaining to trust property).

Section 5 Supervision

(Authorization for Mergers)

Article 36 (1) A merger wherein all or part of the parties thereto are Trust Companies shall not be effected without the authorization of the Prime Minister.

(2) A Trust Company that wishes to obtain authorization under the preceding paragraph shall submit a written application to the Prime Minister stating the matters listed in the items of Article 4(1) with regard to the stock company surviving the merger or the stock company to be incorporated upon merger (referred to as a "Post-Merger Trust Company" in paragraph (4)).

(3) A merger agreement and any other document specified by a Cabinet Office Ordinance shall be attached to the written application set forth in the preceding paragraph.

(4) When an application for authorization set forth in paragraph (1) has been filed, the Prime Minister shall examine whether the Post-Merger Trust Company conforms to the standards listed in the items of Article 5(1). In this case, when the Post-Merger Trust Company falls under any of the requirements listed in the items of Article 5(2), or when the written application set forth in paragraph (2) or the attached documents set forth in the preceding paragraph include any false statements or fail to state any material facts, the Prime Minister shall not grant the authorization.

(5) A stock company to be incorporated upon merger under authorization set forth in paragraph (1) shall be deemed to have obtained a license from the Prime Minister under Article 3 at the time of incorporation thereof.

(Authorization for an Incorporation-Type Company Split)

Article 37 (1) An incorporation-type company split implemented by a Trust Company for the purpose of having a newly incorporated stock company succeed to the whole of its Trust Business (referred to as "Incorporation-Type Company Split" in the following paragraph and paragraph (5)) shall not be effected without the authorization of the Prime Minister.

(2) A Trust Company that wishes to obtain the authorization set forth in the preceding paragraph shall submit a written application to the Prime Minister stating the matters listed in the items of Article 4(1) with regard to the stock

company to be incorporated by the Incorporation-Type Company Split (referred to as the "Incorporated Company" in paragraph (4)).

(3) A company split plan and any other document specified by a Cabinet Office Ordinance shall be attached to the written application set forth in the preceding paragraph.

(4) When an application has been filed for the authorization set forth in paragraph (1), the Prime Minister shall examine whether the Incorporated Company conforms to the standards listed in the items of Article 5(1). In this case, when the Incorporated Company falls under any of the conditions listed in the items of Article 5(2), or when the written application set forth in paragraph (2) or the attached documents set forth in the preceding paragraph include any false statement or fail to state any material fact, the Prime Minister shall not grant the authorization.

(5) A stock company to be incorporated in an Incorporation-Type Company Split with authorization under paragraph (1) shall be deemed to have obtained a license from the Prime Minister under Article 3 at the time of incorporation.

(Authorization for an Absorption-Type Split)

Article 38 (1) An absorption-type split implemented by a Trust Company for the purpose of having another stock company succeed to the whole or a part of its Trust Business (referred to as "Absorption-Type Split" in the following paragraph and paragraph (5)) shall not be effected without the authorization of the Prime Minister; provided, however, that this shall not apply to Absorption-Type Split in which only Custodian Type Trust Business is succeeded to.

(2) A Trust Company that wishes to obtain the authorization set forth in the preceding paragraph shall submit a written application to the Prime Minister stating the following matters with regard to the stock company which will succeed to all or a part of Trust Business upon the Absorption-Type Split (hereinafter referred to as "Succeeding Company" in this Article):

(i) the matters listed in the items of Article 4(1); and

(ii) the contents of Trust Business to be succeeded to by the Succeeding Company.

(3) A company split plan and any other document specified by a Cabinet Office Ordinance shall be attached to the written application set forth in the preceding paragraph.

(4) When an application has been filed for the authorization set forth in paragraph (1), the Prime Minister shall examine whether the Succeeding Company conforms to the standards listed in the items of Article 5(1). In this case, when the Succeeding Company falls under any of the conditions listed in the items of Article 5(2), or when the written application set forth in paragraph (2) or the attached documents set forth in the preceding paragraph include any

false statement or fail to state any material fact, the Prime Minister shall not grant the authorization.

- (5) A stock company which succeeds to the entirety of Trust Business through an Absorption-Type Split with the authorization under paragraph (1) shall be deemed to have obtained a license from the Prime Minister under Article 3 at the time of succession.

(Authorization for a Business Transfer)

Article 39 (1) A transfer by a Trust Company to another Trust Company of all or part of its Trust Business (referred to as a "Business Transfer" in the following paragraph) shall not be effected without the authorization of the Prime Minister; provided, however, that this shall not apply to a Business Transfer in which only Custodian Type Trust Business is transferred.

- (2) A Trust Company that wishes to obtain the authorization set forth in the preceding paragraph shall submit a written application to the Prime Minister stating the following matters with regard to a Trust Company which will acquire all or part of Trust Business under said Business Transfer (hereinafter referred to as the "Assignee Company"):

- (i) the matters listed in the items of Article 4(1); and
- (ii) the contents of Trust Business to be succeeded to by the Assignee Company.

- (3) A business transfer agreement and any other document specified by a Cabinet Office Ordinance shall be attached to the written application set forth in the preceding paragraph.

- (4) When an application has been filed for the authorization set forth in paragraph (1), the Prime Minister shall examine whether the Assignee Company conforms to the standard listed in the items of Article 5(1). In this case, when the Assignee Company falls under any of the conditions listed in the items of Article 5(2), or when the written application set forth in paragraph (2) or the attached documents set forth in the preceding paragraph include any false statement or fail to state any material fact, the Prime Minister may not grant an authorization.

- (5) The provisions of each of the preceding paragraphs shall apply mutatis mutandis to the transfer of Trust Business in whole or in part by a Trust Company to a Foreign Trust Company. In this case, the term and phrases listed in the middle column of the following table in the provisions listed in the left-hand column of the same table shall be deemed to be replaced with the terms and phrases listed in the right-hand column of said table.

paragraph (2), item (i)	the items of Article 4(1)	the items of Article 53(2)
paragraph (4)	the items of Article 5(1)	the items of Article 53(5)
	the items of Article 5(2)	the items of Article 53(6)

(Succession to Rights and Obligations)

Article 40 (1) A Trust Company surviving a merger or a Trust Company incorporated in a merger shall succeed to the rights and obligations which the Trust Company extinguished in the merger had held in regard to business, based on authorization from or any other disposition made by the Prime Minister.

(2) The provisions of the preceding paragraph shall apply mutatis mutandis to a Trust Company which succeeds to the whole of Trust Business through a company split.

(Notifications, etc.)

Article 41 (1) When a Trust Company has come to fall under any of the following items, it shall notify the Prime Minister to that effect without delay:

- (i) when the Trust Company has filed a petition for commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, or commencement of reorganization proceedings;
- (ii) when the Trust Company has effected a merger (excluding the case where said Trust Company has been extinguished in a merger), when it has had a part of its Trust Business succeeded to due to a company split, or when it has had transferred a part of its Trust Business; or
- (iii) when the Trust Company falls under any other cases prescribed by a Cabinet Office Ordinance.

(2) When a Trust Company has come to fall under any of the following items, the person specified in each of the relevant items shall notify the Prime Minister to that effect without delay:

- (i) when the Trust Company has closed its Trust Business (including the cases where the Trust Company has had all of its Trust Business succeeded to due to a company split, and the cases where the Trust Company has had all of its Trust Business transferred): said Trust Company;
 - (ii) when the Trust Company has been extinguished due to a merger: the person who was a director or executive officer representing the company or a company auditor;
 - (iii) when the Trust Company has been dissolved due to an order for the commencement of bankruptcy proceedings: the bankruptcy trustee; and
 - (iv) when the Trust Company has been dissolved for a reason other than a merger or the commencement of bankruptcy proceedings: the liquidator.
- (3) When a Trust Company intends to close its Trust Business, effect a merger (limited to a merger in which said Trust Company will be extinguished), dissolve due to any reason other than a merger or the commencement of bankruptcy proceedings, have its Trust Business succeeded to in whole or in

part due to a company split, or transfer its Trust Business in whole or in part, it shall, by thirty days prior to the date when any of these events takes place, give public notice to that effect and post a notice to that effect in a place easily seen by the public at all of its business offices, pursuant to the provisions of a Cabinet Office Ordinance.

- (4) When a Trust Company has given the public notice set forth in the preceding paragraph, it shall immediately notify the Prime Minister to that effect.
- (5) When a Trust Company (excluding a Custodian Type Trust Company; hereinafter the same shall apply in this paragraph) has been registered pursuant to Article 7(1) or Article 52(1), or when a Custodian Type Trust Company has been registered pursuant to Article 52(1), the Trust Company or the Custodian Type Trust Company shall, without delay, give public notice to that effect and post a notice to that effect in a place easily seen by the public at all of its business offices, pursuant to the provisions of a Cabinet Office Ordinance.
- (6) The provisions of Article 940(1) (excluding item (ii)) and 940(3) (Public Notice Period, etc. of Electronic Public Notice) of the Companies Act shall apply mutatis mutandis to the cases where a Trust Company gives a public notice pursuant to the provisions of this Act or any other Act (excluding the public notice to be made pursuant to the provisions of the Companies Act) by means of electronic public notice. In this case, any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Inspections, etc.)

Article 42 (1) When the Prime Minister finds it necessary for securing the sound and appropriate operations of a Trust Company's trust business, the Prime Minister may order said Trust Company, a person who conducts transactions with said Trust Company with regard to said business, or a Holding Company which has said Trust Company as a subsidiary company to submit reports or materials that should be used as a reference concerning the business or property of said Trust Company, and may have the officials enter a business office or any other facility of said Trust Company or a business office or office of the Holding Company which has said Trust Company as a Subsidiary Company, and have them ask questions about the status of its business or property and inspect its books, documents, and other relevant items.

- (2) When the Prime Minister finds it especially necessary for securing the sound and appropriate operations of a Trust Company's trust business, the Prime Minister may, to the extent of that necessity, order the Major Shareholders of said Trust Company or the Major Shareholders of a Holding Company which has said Trust Company as a subsidiary company to submit notifications under Article 17 to Articles 19 inclusive or to take measures under those Articles, or

to submit reports or materials that should be used as a reference concerning the business or property of said Trust Company, and may have the officials enter the business offices or offices of such Major Shareholders, and have them ask questions about notifications or measures under Article 17 to Article 19 inclusive or the status of business or property of said Trust Company, and may have them inspect the documents or other relevant items of said Major Shareholders.

- (3) When the Prime Minister finds it especially necessary for securing the sound and appropriate operations of a Trust Company's trust business, the Prime Minister may, to the extent of that necessity, order a person who has been delegated with business by said Trust Company to submit reports or materials that should be used as a reference concerning the business or property of said Trust Company, and may have the officials enter a facility of a person who has been delegated with business by said Trust Company, and have them ask questions about the status of the business or property of said Trust Company and inspect the books, documents, and other relevant items.
- (4) A person who has been delegated with business by a Trust Company as set forth in the preceding paragraph may refuse to submit a report or materials, may refuse questioning, and may refuse to undergo inspection under the provisions of that paragraph when there are justifiable grounds.
- (5) An official who carries out an inspection pursuant to the provisions of paragraphs (1) to (3) inclusive shall carry a certificate for identification and present it to the persons concerned.
- (6) The authority for inspection under the provisions of paragraphs (1) to (3) inclusive shall not be construed as being for criminal investigation.

(Order to Improve Business Operations)

Article 43 When the Prime Minister finds it necessary for securing the sound and appropriate operations of a Trust Company's trust business in light of the status of business or property of said Trust Company, the Prime Minister may, within the limits of that necessity, order said Trust Company to change the contents of its statement of operational procedures, deposit its property, or take other measures necessary to improve the operation of business or the status of property.

(Supervisory Dispositions against an Investment-Based Trust Company)

Article 44 (1) Where a Trust Company (excluding an Custodian Type Trust Company; hereinafter the same shall apply in this Article) falls under any of the following items, the Prime Minister may rescind the Trust Company's license under Article 3, or may order said Trust Company to suspend its business operations in whole or in part and specify a period not exceeding six

months therefor.

- (i) when the Trust Company has come to fall under any of Article 5(2)(i) to (vi) inclusive;
 - (ii) when the Trust Company is found to have fallen under any of the items of Article 5(2) at the time when it obtained a license under Article 3;
 - (iii) when the Trust Company has ceased to have a sufficient personnel composition to allow for the right execution of trust business;
 - (iv) when the Trust Company is found to have obtained a license under Article 3 by wrongful means;
 - (v) when the Trust Company has violated any condition attached to a license under Article 3;
 - (vi) when the Trust Company has violated laws and regulations or a disposition made by the Prime Minister pursuant to laws and regulations; or
 - (vii) when the Trust Company has committed an act that is harmful to the public interest.
- (2) When a director or executive officer, an accounting advisor, or a company auditor of a Trust Company has come to fall under any of Article 5(2)(viii)(a) to (h) inclusive, or has committed any act that falls under item (v) or (vi) of the preceding paragraph, the Prime Minister may order said Trust Company to dismiss said director, executive officer, accounting advisor, or company auditor.

(Supervisory Dispositions against a Custodian Type Trust Company)

Article 45 (1) Where an Custodian Type Trust Company falls under any of the following items, the Prime Minister may rescind said Custodian Type Trust Company's registration under Article 7(1), or may order said Custodian Type Trust Company to suspend its business operations in whole or in part and specify a period not exceeding six months therefor:

- (i) when said Custodian Type Trust Company has come to fall under any of Article 5(2)(i) or items (iv) to (vi) inclusive of that paragraph;
 - (ii) when said Custodian Type Trust Company has come to fall under any of Article 10(1)(ii) to (v) inclusive;
 - (iii) when said Custodian Type Trust Company is found to have been registered under Article 7(1) by wrongful means;
 - (iv) when said Custodian Type Trust Company has violated laws and regulations or a disposition made by the Prime Minister pursuant to laws and regulations; or
 - (v) when said Custodian Type Trust Company has committed an act that is harmful to the public interest.
- (2) When a director or executive officer, an accounting advisor, or a company auditor of a Custodian Type Trust Company has come to fall under any of Article 5(2)(viii)(a) to (h) inclusive, or has committed any act that falls under

item (iv) of the preceding paragraph, the Prime Minister may order said Custodian Type Trust Company to dismiss said director, executive officer, accounting advisor, or company auditor.

(Loss of Effect of a License or Registration)

Article 46 (1) When a Trust Company has come to fall under any of the items of Article 41(2), said Trust Company's license under Article 3 or its registration under Article 7(1) shall cease to be effective.

(2) When a Trust Company (excluding a Custodian Type Trust Company) has obtained a registration under Article 7(1) or Article 52(1), said Trust Company's license under Article 3 shall cease to be effective.

(3) When a Custodian Type Trust Company has obtained a license under Article 3 or a registration under Article 52(1), said Custodian Type Trust Company's registration under Article 7(1) shall cease to be effective.

(Cancellation of Registration)

Article 47 When the Prime Minister has not renewed a registration under Article 7(3) or has rescinded a registration under Article 7(1) pursuant to the provisions of Article 45(1), or when a registration under Article 7(1) has ceased to be effective pursuant to the provisions of paragraph (1) or (3) of the preceding Article, the Prime Minister shall cancel said registration.

(Public Notice of Overseeing Dispositions)

Article 48 When the Prime Minister has rescinded a license under Article 3 pursuant to the provisions of Article 44(1), has rescinded a registration under Article 7(1) pursuant to the provisions of Article 45(1), or has ordered suspension of business in whole or in part pursuant to the provisions of Article 44(1) or Article 45(1), the Prime Minister shall give a public notice to that effect.

(Procedures for Dismissal in the Case of Rescission, etc. of a License, etc.)

Article 49 (1) In the cases where the Prime Minister has not renewed a registration under Article 7(3), has rescinded a license under Article 3 pursuant to the provisions of Article 44(1), or has rescinded a registration under Article 7(1) pursuant to the provisions of Article 45(1), with regard to an application under Article 58(4) of the Trust Act, the term "settlor or beneficiary" in that paragraph shall be deemed to be replaced with "settlor, beneficiary, or the Prime Minister."

(2) With regard to the application of Article 62(2) of the Trust Act in the cases set forth in the preceding paragraph, the term "interested party" in that paragraph shall be deemed to be replaced with "interested party or the Prime

Minister."

- (3) In the cases referred to in paragraph (1), a trustee which was formerly a Trust Company shall be deemed to be a Trust Company for the period until the court dismisses the trustee which was formerly the Trust Company.

(Opinion, etc. of the Prime Minister in Liquidation Proceedings, etc.)

Article 50 (1) In liquidation proceedings, bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or recognition assistance proceedings for a Trust Company, the court may request the opinion of the Prime Minister, or may request that an inspection or investigation be carried out thereby.

- (2) When the Prime Minister finds it necessary, the Prime Minister may state an opinion to the court pertaining to the proceedings prescribed in the preceding paragraph.

- (3) The provisions of Article 42(1), (5) and (6) shall apply mutatis mutandis to cases where the Prime Minister receives a request for inspection or investigation from the court pursuant to the provision of paragraph (1).

Section 6 Special Provisions Concerning Specific Trusts

(Special Provisions Concerning Trusts Created by Any of the Methods Listed in Article 3(iii) of the Trust Act)

Article 50-2 (1) A person who intends to create a trust by any of the methods listed in Article 3(iii) of the Trust Act shall be registered by the Prime Minister in the cases specified by a Cabinet Order as the cases where many persons (meaning persons of a number specified by a Cabinet Order or more; the same shall apply in paragraph (10)) may acquire beneficial interest in said trust; provided, however, that this shall not apply to the cases specified by a Cabinet Order as the cases where the creation of such a trust will not interfere with the protection of the beneficiaries of said trust.

- (2) The provisions of Article 7(2) to (6) inclusive shall apply mutatis mutandis to the registration set forth in the preceding paragraph.

- (3) A person who wishes to be registered under paragraph (1) (including renewal of a registration under Article 7(3), as applied mutatis mutandis pursuant to the preceding paragraph; the same shall apply in paragraph (6), as well as in Article 45(1)(iii) and Article 91 as applied pursuant to the replacement of terms under the provisions of paragraph (12)) (referred to as the "Applicant" in paragraph (6)) shall submit a written application to the Prime Minister stating the following matters:

- (i) the trade name;
- (ii) the amount of stated capital;
- (iii) the names of the directors and company auditors (in the case of a company

- with committees, the directors and executive officers; and in the case of a Holding Company, the managing members);
- (iv) in the case of a company with accounting advisors, the names of the accounting advisors;
 - (v) the type of business relating to affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act;
 - (vi) where the person carries out business other than the business set forth in the preceding item, the type of business; and
 - (vii) the names and locations of business offices which carry out affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act.
- (4) The following documents shall be attached to the written application set forth in the preceding paragraph:
- (i) the articles of incorporation;
 - (ii) a certificate of the registered matters of the company (meaning a company prescribed in Article 2(i) of the Companies Act; the same shall apply in paragraph (6));
 - (iii) a document stating the content and method of affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act;
 - (iv) a balance sheet; and
 - (v) other documents specified by a Cabinet Office Ordinance.
- (5) The document set forth in item (iii) of the preceding paragraph shall state the following matters:
- (i) the type of trust property of trusts created by any of the methods listed in Article 3(iii) of the Trust Act;
 - (ii) the method of management or disposition of the trust property;
 - (iii) the method of segregated management of the trust property;
 - (iv) the system for carrying out affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act;
 - (v) in cases where part of affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act is delegated to a third party, the content of the affairs delegated thereto as well as the standards and procedures pertaining to the selection of the person delegated with said part of the affairs (excluding the case where affairs that fall under any of the items of Article 22(3) are delegated);
 - (vi) where the person carries out Business for the Sale and Purchase, etc. of Beneficial Interest in Trust, the system for carrying out said business; and
 - (vii) other matters specified by a Cabinet Office Ordinance.
- (6) When the Applicant falls under any of the following items, or when the written application set forth in paragraph (3) or any of the attached documents listed in the items of paragraph (4) include any false statements or fail to state

- any material facts, the Prime Minister shall refuse to register the Applicant:
- (i) a person who is not a company;
 - (ii) a company whose amount of stated capital is less than the amount specified by a Cabinet Order as necessary and appropriate for the protection of the beneficiaries;
 - (iii) a company whose amount of net assets is less than the amount prescribed in the preceding item;
 - (iv) a company for whom provisions of the articles of incorporation or provisions of the document set forth in paragraph (4)(iii) do not conform to laws and regulations or are not sufficient for it to properly execute affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act;
 - (v) a company which, in light of its personnel composition, is found not to have the knowledge and experience that would allow for the right execution of affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act;
 - (vi) a company which falls under Article 5(2)(v) or (vi);
 - (vii) a company whose other business is found to be contrary to the public interest, or a company for which carrying out said other business is likely to interfere with the proper and reliable execution of its affairs pertaining to trusts; or
 - (viii) a company whose directors or executive officers, accounting advisors, or company auditors include a person who falls under any of Article 5(2)(viii)(a) to (h) inclusive.
- (7) The amount of net assets set forth in item (iii) of the preceding paragraph shall be calculated pursuant to the provisions of a Cabinet Office Ordinance.
- (8) Where an application has been filed for registration under paragraph (1), the Prime Minister shall register the following matters in the registry of self-declared trusts except when the Prime Minister refuses to register said trust pursuant to the provisions of paragraph (6):
- (i) the matters listed in the items of paragraph (3); and
 - (ii) the date of registration and the registration number.
- (9) The Prime Minister shall make the registry of self-settled trusts available for public inspection.
- (10) When a person who has been registered under paragraph (1) has created a trust by any of the methods listed in Article 3(iii) of the Trust Act (limited to the cases specified by a Cabinet Order as the cases where many persons may acquire beneficial interest in said trust), the person shall, pursuant to the provisions of a Cabinet Office Ordinance, have a person other than said registered person who is specified by a Cabinet Order inspect the status of the property belonging to the relevant trust property or other matters relating to

said property.

(11) A person who has been registered under paragraph (1) shall, pursuant to the provisions of a Cabinet Office Ordinance, ensure that carrying out other business will not interfere with the proper and reliable execution of affairs pertaining to trusts set forth in that paragraph.

(12) Where a trust under paragraph (1) is created based on the registration under that paragraph, the provisions of Article 11 (excluding the part pertaining to rescission and loss of effect of a license under paragraph (10)), Article 12(2) and (3), Article 13(2), Article 15, Article 22, Article 23, Article 24(1) (limited to the part pertaining to items (iii) and (iv) (excluding the part pertaining to settlor in these provisions)), Article 27 to Article 29 inclusive, Article 29-2 (excluding paragraph (5)), Article 29-3 to Article 31 inclusive, Article 33, Article 34, Article 40, Article 41 (excluding paragraph (5)), Article 42, Article 43, Article 45 (excluding paragraph (1)(ii)), Article 46(1) (excluding the part pertaining to loss of effect of a license), Article 47, Article 48 (excluding the part pertaining to rescission of license), Article 49 (excluding the part pertaining to rescission of license), and the preceding Article, and the provisions of Chapter VII pertaining to these provisions shall apply by deeming a person who has been registered under paragraph (1) to be a Trust Company (in Article 12(2) and (3), Article 13(2), Article 45, and Article 47, a Custodian Type Trust Company). In this case, the term "trust business" and "Trust Business" in these provisions shall be deemed to be replaced with "affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act" and the phrase "registration under Article 7(1)" in said provisions shall be deemed to be replaced with the phrase "registration under Article 50-2(1)." The terms and phrases listed in the middle column of the following table in the provisions listed in the left-hand column of the same table shall be deemed to be replaced with the terms and phrases listed in the right-hand column of said table.

Article 11(10)	the renewal of a registration under Article 7(3)	the renewal of a registration under Article 7(3) as applied mutatis mutandis pursuant to Article 50-2(2)
Article 12(2)	the items of Article 8(1)	the items of Article 50-2(3)
Article 12(3)	the Administration-Focused Trust Companies' registry	the registry of self-settled trusts
Article 13(2)	its statement of operational procedures	any document stating the content and method of affairs pertaining to a trust created by any of the methods listed in Article 3(iii) of the Trust Act

Article 22(3)	business	affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act
Article 28(1)	other business	other affairs
Article 33	business report	self-settled trust report
Article 34(1)	business	affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act
	all its business offices	all its business offices which handle affairs pertaining to trusts created by any of the methods listed in that item
Article 40(1)	business	affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act
Article 41(2)(ii)	or a company auditor	a company auditor, or a member who executed business of the company
Article 41(3)	all of its business offices	all of its business offices which handle affairs pertaining to trusts created by any of the methods listed in that item
Article 42(1)	said business	said affairs
	the business or property of said Trust Company	the affairs or property
	status of business	status of affairs
Article 42(2)	notifications or measures under Article 17 to Article 19 inclusive or the status of business or property of said Trust Company	the affairs or property
Article 42(3)	business by	affairs by
	concerning the business	concerning the affairs
Article 42(4)	business	affairs
Article 43	status of business	status of affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act
	its statement of operational procedures	any documents stating the content and method of affairs pertaining to a trust created by any of the methods listed in that item

	other measures necessary to improve the operation of business	other measures necessary to improve the operation of the affairs
Article 45(1)	business operations	affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act
Article 45(1)(i)	Article 5(2)(i) or items (iv) to (vi) inclusive of that paragraph	Article 50-2(6)(i) to (vii) inclusive
Article 45(2)	or company auditor	or company auditor, or a member who executes business of the company
Article 47	renewed a registration under Article 7(3)	renewed a registration under Article 7(3) as applied mutatis mutandis pursuant to Article 50-2(2)
	paragraph (1) or (3) of the preceding Article	paragraph (1) of the preceding Article
Article 48	Article 44(1) or Article 45(1)	Article 45(1)
	business	affairs pertaining to trusts created by any of the methods listed in Article 3(iii) of the Trust Act
Article 49(1)	renewed a registration under Article 7(3)	renewed a registration under Article 7(3) as applied mutatis mutandis pursuant to Article 50-2(2)

(Special Provisions Concerning Trusts Created between Persons Who Belong to Same Group of Companies)

Article 51 (1) The provisions of Article 3 and the preceding Article shall not apply to the acceptance of a trust which falls under all of the following requirements:

- (i) that the settlor, trustee, and beneficiary are companies which belong to the same group of companies (meaning a company (including a foreign company; hereinafter the same shall apply in this item and paragraph (10)) and a group of Subsidiary Companies of said company; hereinafter referred to as "Company Group" in this Article);
- (ii) that, in cases where a Special Purpose Company (meaning a Special Purpose Company as prescribed in Article 2(3) of the Act on Liquidation of Assets) is a beneficiary, no person who does not belong to the same Company Group as the trustee has acquired Asset Backed Securities (which mean Asset Backed Securities as prescribed in paragraph (11) of that Article; the same shall apply in paragraph (8)(ii) issued by said Special Purpose Company;

- (iii) that no Silent Partnership Agreement pertaining to business of investment in beneficial interest in trust (meaning a silent partnership agreement prescribed in Article 535 of the Commercial Code (Act No. 48 of 1899); the same shall apply in paragraph (8)(iii)) has been concluded with a person who does not belong to the same Company Group as the trustee;
 - (iv) any requirements specified by a Cabinet Office Ordinance as equivalent to the preceding two items; and
 - (v) that the trust agreement includes a condition to the effect that the trustee may give up duties without the consent of the settlor or beneficiary in cases where trust has ceased to fulfill any of the requirements listed in the preceding items.
- (2) A person who will accept a trust as set forth in the preceding paragraph shall notify the Prime Minister to that effect in advance.
- (3) In addition to the trust agreement pertaining to the relevant trust, documents specified by a Cabinet Office Ordinance as those proving that said trust falls under all of the requirements listed in the items of paragraph (1) shall be attached to the notification set forth in the preceding paragraph.
- (4) When trust under paragraph (1) has ceased to fall under any of the requirements listed in the items of that paragraph, the Prime Minister may order the trustee of the trust under that paragraph to take measures so that the trustee will cease to be a trustee or to take other necessary measures, and may specify a period not exceeding three months therefor.
- (5) When a trustee of a trust under paragraph (1) has ceased to be a trustee of the trust under that paragraph, or has learned that the trust under that paragraph has ceased to fall under any of the requirements listed in the items of that paragraph, the trustee shall notify the Prime Minister to that effect without delay.
- (6) When the Prime Minister finds it especially necessary for confirming the status pertaining to a trust under paragraph (1), the Prime Minister may, to the extent of that necessity, order the settlor, trustee, or beneficiary of the trust under that paragraph to submit a notification under paragraph (2) or the preceding paragraph or reports or materials that should be used as a reference concerning measures under paragraph (4), or may have the officials enter a business office, office, or other facility of the trustee, and have them ask questions about the notification under paragraph (2) or the preceding paragraph or measures under paragraph (4), or inspect the documents or other relevant items of the trustee (limited to those necessary for a notification under paragraph (2) or the preceding paragraph or measures under paragraph (4)).
- (7) The provisions of Article 42(5) and (6) shall apply mutatis mutandis to an inspection under the provisions of the preceding paragraph.

- (8) No beneficiary of a trust under paragraph (1) shall commit the following acts:
- (i) the act of allowing a person who does not belong to the same Company Group as the trustee acquire beneficial interest in said trust;
 - (ii) the act of allowing a person who does not belong to the same Company Group as the trustee acquire Asset Backed Securities pertaining to beneficial interest in said trust;
 - (iii) the act of concluding a Silent Partnership Agreement pertaining to business related to investment in a beneficial interest in said trust with a person who does not belong to the same Company Group as the trustee; or
 - (iv) other acts specified by a Cabinet Office Ordinance as equivalent to the preceding two items.
- (9) No Financial Instruments Business Operator (meaning a Financial Instruments Business Operator as prescribed in Article 2(9) of the Financial Instruments and Exchange Act, and including a person who is deemed to be a Financial Instruments Business Operator pursuant to the provisions of Article 65-5(2) of that Act) or a Registered Financial Institution (meaning a Registered Financial Institution as prescribed in Article 2(11) of that Act, and including a person who is deemed to be a Registered Financial Institution pursuant to the provisions of Article 2(4) of the Act on Provision, etc. of Trust Business by Financial Institutions) shall sell a beneficial interest in a trust under paragraph (1) to a person who does not belong to the same Company Group as the trustee, nor shall act as an agent or an intermediary in such selling.
- (10) The term "Subsidiary Company" as set forth in paragraph (1)(i) shall mean a company for which the majority of the voting rights of all shareholders or all persons who made capital contributions are held by another company. In this case, a company for which the majority of the voting rights of all shareholders or persons who made capital contribution are held by another company and one or more of its subsidiary companies or by one or more subsidiary companies of said other company shall be deemed to be the Subsidiary Company of said other company.

(Special Provisions Concerning Trusts Pertaining to Specified University Technology Transfer Project)

Article 52 (1) The provisions of Article 3 shall not apply to the acceptance of a trust by a person who has obtained the approval of the Minister of Education, Culture, Sports, Science and Technology and the Minister of Economy, Trade and Industry with regard to a plan for the implementation of a Specified University Technology Transfer Project (meaning a Specified University Technology Transfer Project as prescribed in Article 2(1) of the Act on the Promotion of Technology Transfer from Universities to Private Business Operators (Act No. 52 of 1998); hereinafter the same shall apply in this Article)

pursuant to the provisions of Article 4(1) of that Act (referred to as an "Approved Business Operator" in paragraph (3)) as a Specified University Technology Transfer Project based on registration by the Prime Minister (hereinafter referred to as "Acceptance of a Trust that Falls under the Category of a Specified University Technology Transfer Project" in this Article).

(2) The provisions of Article 8 (excluding paragraph (1), item (iv)), Article 9, and Article 10 (excluding paragraph (1), item (ii)) shall apply mutatis mutandis to the registration set forth in the preceding paragraph. In this case, the terms and phrases listed in the middle column of the following table in the provisions listed in the left-hand column of the same table shall be deemed to be replaced with the terms and phrases listed in the right-hand column of the same table.

Article 8(1)(i)	the trade name	the trade name or name
Article 8(1)(ii)	of stated capital	of stated capital or contribution
Article 8(1)(iii)	directors and company auditors	officers
Article 8(1)(v)	trust business	trust business (limited to business which falls under the category of a Specified University Technology Transfer Project)
Article 8(1)(vi)	the head office and other business offices	the main business offices or offices or other business offices or offices
Article 8(2)(i)	the articles of incorporation	the articles of incorporation or the articles of endowment
Article 8(2)(ii)	a certificate of the registered matters of the company	a certificate of the registered matters
Article 9(1) and (2)	the Administration-Focused Trust Companies' registry	the registry of approved business operators for a specified university technology transfer project
Article 10(1)(i)	items (ii) and (iii)	items (i) to (iv) inclusive
Article 10(1)(iii)	a stock company whose amount of net assets is less than the amount prescribed in the preceding item	a juridical person whose amount of net assets is less than the amount of stated capital or contribution
Article 10(1)(iv)	the articles of incorporation	the articles of incorporation or the articles of endowment
	Administration-Focused Trust Business	Acceptance of a Trust that Falls under the category of a Specified University Technology Transfer Project
	stock company	juridical person

Article 10(1)(v)	Administration-Focused Trust Business	Acceptance of a Trust that Falls under the category of a Specified University Technology Transfer Project
	stock company	juridical person

(3) When an Approved Business Operator accepts a trust with a registration set forth in paragraph (1), the provisions of Article 11 (excluding the parts pertaining to the non-renewal of a registration as well as rescission and loss of effect of license, which are set forth in paragraph (10)), Article 12(2) and (3), Article 13(2), Article 21 to Article 24 inclusive, Article 25 to Article 29-3 inclusive, Article 33, Article 34, Article 41 (excluding paragraph (5)), Article 42 (excluding paragraph (2)), Article 43, Article 45, Article 46 (excluding the part pertaining to loss of effect of license), Article 47 (excluding the parts pertaining to the non-renewal of a registration), Article 48 (excluding the parts pertaining to rescission of license), Article 49 (excluding the parts pertaining to the non-renewal of a registration and rescission of a license), and Article 50, as well as the provisions of Chapter VII that are relevant to these provisions shall apply, by deeming such Approved Business Operator to be a Trust Company (in Article 12(2) and (3), Article 13(2), Article 45, Article 46(3), and Article 47, an Custodian Type Trust Company). In this case, the terms and phrases listed in the middle column of the following table in the provisions listed in the left-hand column of the same table shall be deemed to be replaced with the terms and phrases listed in the right-hand column of the same table.

Article 11(1)	head office	main business office or office
Article 11(10)	registration under Article 7(1)	registration under Article 52(1)
Article 12(3)	Administration-Focused Trust Companies' registry	the registry of approved business operators for specified university technology transfer projects

Article 21(1)	In addition to Trust Business, a Trust Company may carry out Trust Agreement Agency Business, Business for the Sale and Purchase, etc. of Beneficial Interest in Trust, and property management business	In addition to Trust Business (limited to that which falls under the category of a Specified University Technology Transfer Project; the same shall apply hereinafter) and Specified University Technology Transfer Projects (excluding those which fall under the category of Trust Business), a Trust Company may, in relation to a Specified University Technology Transfer Project, carry out Trust Agreement Agency Business, Business for the Sale and Purchase, etc. of Beneficial Interest in Trust, and property management business
	Article 4(2)(iii) or Article 8(2)(iii)	Article 8(2)(iii) as applied mutatis mutandis pursuant to Article 52(2)
Article 21(6)	for a license under Article 3 or for registration under Article 7(1)	for registration under Article 52(1)
	license or registration	registration
Article 24(1)	the following acts (in the case of accepting a trust under a Specific Trust Agreement as prescribed in the following Article, excluding acts listed in item (v))	the following acts
Article 25	the trade name	the trade name or name
	the matters listed in items (iii) to (xvi) inclusive of paragraph (1) of the following Article (when the trust company accepts a trust under a Specific Trust Agreement, the matters listed in that items shall be excluded)	the matters listed in items (iii) to (xvi) inclusive of paragraph (1) of the following Article
Article 26(1)(ii)	the trade name	the trade name or name
Article 34(1) and (3)	business offices	business offices or offices

Article 41(2)(i)	when the Trust Company has abolished its Trust Business (including the cases where the Trust Company has had all of its Trust Business succeeded to due to a company split, and the cases where the Trust Company has had transferred all of its Trust Business):	when the Trust Company has abolished its Trust Business (including the cases where the Trust Company has had all of its Trust Business succeeded to due to a company split, and the cases where the Trust Company has had transferred all of its Trust Business), or when approval under Article 4(1) of the Act on the Promotion of Technology Transfer from Universities to Private Business Operators has been rescinded pursuant to the provisions of Article 5(2) of that Act:
	Trust Company	business operator
Article 41(2)(ii)	the company	the business operator
	a director or executive officer representing the company or a company auditor	an officer representing the company
Article 41(3)	business offices	business offices or offices
Article 42(1)	a business office or any other facility of said Trust Company	a business office, office, or any other facility of said Approved Business Operator
Article 45(1)	registration under Article 7(1)	registration under Article 52(1)
Article 45(1)(i)	Article 5(2)(i) or items (iv) to (vi) inclusive of that paragraph	Article 5(2)(v) or (vi)
Article 45(1)(ii)	has come to fall under any of Article 10(1)(ii) to (v) inclusive	has come to fall under any of Article 10(1)(iii) to (v) inclusive as applied mutatis mutandis pursuant to Article 52(2)
Article 45(1)(iii)	registered under Article 7(1)	registered under Article 52(1)
Article 45(2)	a director or executive officer, an accounting advisor, or a company auditor	an officer
Article 46(1)	registration under Article 7(1)	registration under Article 52(1)
Article 46(3)	a license under Article 3 or a registration under Article 52(1)	a license under Article 3 or Article 53(1), or a registration under Article 7(1) or Article 54(1)
	registration under Article 7(1)	registration under Article 52(1)

Article 47	registration under Article 7(1)	registration under Article 52(1)
Article 48	registration under Article 7(1)	registration under Article 52(1)
	Article 44(1) or Article 45(1)	Article 45(1)
Article 49(1)	registration under Article 7(1)	registration under Article 52(1)

Chapter III Foreign Trust Business Operators

(Licenses)

- Article 53 (1) A Foreign Trust Business Operator may carry out Trust Business at a branch office which said Foreign Trust Business Operator has established as a base of its trust business in Japan (hereinafter referred to as the "Main Branch Office") and other branch offices which said Foreign Trust Business Operator has established in Japan only when said Foreign Trust Business Operator has obtained a license for said Main Branch Office from the Prime Minister, notwithstanding the provisions of Article 3.
- (2) A person who wishes to obtain a license set forth in the preceding paragraph (referred to as "Applicant" in paragraphs (5) and (6)) shall specify a representative who will be in charge of the business of all branch offices carrying out trust business (hereinafter referred to as "Representative in Japan") and submit a written application to the Prime Minister stating the following matters:
- (i) the trade name and the location of the head office;
 - (ii) the amount of stated capital;
 - (iii) the names of the officers (meaning directors and executive officers, accounting advisors, and company auditors, or persons equivalent thereto; the same shall apply hereinafter);
 - (iv) where the person carries out business other than trust business at any branch office, the type of business;
 - (v) the names and locations of the Main Branch Office and other branch offices; and
 - (vi) the name of the Representative in Japan and the address of the Representative in Japan.
- (3) The following documents shall be attached to the written application set forth in the preceding paragraph:
- (i) the articles of incorporation and a certificate of the registered matters of the company (including documents equivalent thereto);
 - (ii) a statement of operational procedures;
 - (iii) a balance sheet;

- (iv) a document stating expected income and expenditures; and
 - (v) other documents specified by a Cabinet Office Ordinance.
- (4) The provisions of Article 4(3) shall apply mutatis mutandis to the statement of operational procedures set forth in item (ii) of the preceding paragraph.
- (5) Where an application has been filed under paragraph (1), the Prime Minister shall examine whether the applicant conforms to the following standards:
- (i) that the provisions of the articles of incorporation (including documents equivalent thereto) and the statement of operational procedures conform to laws and regulations and are also sufficient for the proper execution of trust business;
 - (ii) that the applicant has a sufficient financial basis to allow for the sound execution of trust business; and
 - (iii) in light of the personnel composition of each branch office, the applicant has the knowledge and experience that will allow for the right execution of trust business, and also has sufficient social credibility.
- (6) When the applicant falls under any of the following items, or when the written application set forth in paragraph (2) or any of the attached documents listed in the items of paragraph (3) include any false statements or fail to state any material facts, the Prime Minister shall not give a license.
- (i) a person who is not a juridical person of the same kind as a stock company;
 - (ii) a juridical person whose amount of stated capital under paragraph (2)(ii) is less than the amount specified by a Cabinet Order as necessary and appropriate for the protection of settlors or beneficiaries;
 - (iii) a juridical person whose amount of net assets is less than the amount prescribed in the preceding item;
 - (iv) a juridical person that intends to use a name that is identical to a trade name or name that is being used by another Trust Company or Foreign Trust Company, or a name that is likely to cause misidentification with another Trust Company or Foreign Trust Company, at any of its branch offices;
 - (v) a juridical person for which the renewal of a registration under Article 7(3), as applied mutatis mutandis pursuant to paragraph (2) of the following Article, has been refused pursuant to the provisions of paragraph (6) of that Article, whose license under paragraph (1) has been rescinded pursuant to the provisions of Article 59(1), whose registration under paragraph (1) of the following Article has been rescinded pursuant to the provisions of Article 60(1), whose registration under Article 67(1) has been rescinded pursuant to the provisions of Article 82(1), whose license under Article 3 of the Secured Bonds Trust Act has been rescinded pursuant to the provisions of Article 12 of that Act, or whose authorization under Article 1(1) of the Act on Provision, etc. of Trust Business by Financial Institutions has been rescinded pursuant to the provisions of Article 10 of that Act, or whose license, registration, or

- authorization of the same kind (including permission or any other administrative disposition similar to said license, registration, or authorization) which has been obtained in the state in which its head office is located has been rescinded or to whom renewal of said license, registration, or authorization has been refused pursuant to the provisions of laws and regulations of that state that are equivalent to this Act, the Secured Bonds Trust Act, or the Act on Provision, etc. of Trust Business by Financial Institutions, and for whom five years have yet to elapse since the date of rescission (where a renewal has been refused, the day on which the disposition of refusal to renew was made);
- (vi) a juridical person who has been sentenced to a fine (including punishment equivalent thereto pursuant to laws and regulations of a foreign state) for violating the provisions of any of the laws prescribed in Article 5(2)(vi) or the provisions of laws and regulations of a foreign state that are equivalent thereto, and for whom five years have yet to elapse since the day on which execution of the sentence was completed or since the day on which the person has ceased to be subject to execution of the sentence;
- (vii) a juridical person whose other business carried out at any of its branch offices is business that is not related to its trust business, or a juridical person for which carrying out said other business is found to be likely to interfere with the proper and reliable operation of its trust business;
- (viii) a juridical person whose officers (including persons who are found to have power equivalent to or greater than that of an officer of said juridical person, irrespective of title; the same shall apply in Article 59(2) and Article 60(2)) and Representatives in Japan include a person who falls under any of Article 5(2)(viii)(a) to (h) inclusive; or
- (ix) a juridical person for which the regulatory authorities pertaining to Trust Business in a foreign state have yet to confirm that its Major Shareholders (including persons equivalent thereto) are persons who are not likely to interfere with the sound and appropriate operations of trust business.
- (7) The amount of stated capital set forth in paragraph (2)(ii) shall be calculated pursuant to the provisions of a Cabinet Office Ordinance.
- (8) The amount of net assets set forth in paragraph (6)(iii) shall be calculated pursuant to the provisions of a Cabinet Office Ordinance.
- (9) When the Prime Minister finds it necessary in light of the standards for examination under the provisions of paragraph (5), the Prime Minister may, to the extent of that necessity, impose conditions on the license under paragraph (1) or change such conditions.

(Registration)

Article 54 (1) Where the Main Branch Office of a Foreign Trust Business

Operator has been registered by the Prime Minister, said Foreign Trust Business Operator may carry out Custodian Type Trust Business at said Main Branch Office and other branch offices that it has established in Japan, notwithstanding the provisions of Article 3, Article 7(1), and paragraph (1) of the preceding Article.

- (2) The provisions of Article 7(2) to (6) inclusive shall apply mutatis mutandis to the registration set forth in the preceding paragraph.
- (3) A person who wishes to be registered under paragraph (1) (including the renewal of a registration under Article 7(3) as applied mutatis mutandis pursuant to the preceding paragraph; the same shall apply in paragraph (6), Article 60(1)(iii) and Article 91(iii)) (referred to as the "Applicant" in paragraph (6)) shall specify a Representative in Japan and submit a written application to the Prime Minister stating the following matters:
 - (i) the trade name and the location of the head office;
 - (ii) the amount of stated capital;
 - (iii) the names of the officers;
 - (iv) where the representative carries out business other than trust business at any of the branch offices, the type of business;
 - (v) the names and locations of the Main Branch Office and other branch offices; and
 - (vi) the name of the Representative in Japan and the address in Japan.
- (4) The following documents shall be attached to the written application set forth in the preceding paragraph:
 - (i) the articles of incorporation and a certificate of the registered matters of the company (including documents equivalent thereto);
 - (ii) a statement of operational procedures;
 - (iii) a balance sheet; and
 - (iv) other documents specified by a Cabinet Office Ordinance.
- (5) The provisions of Article 8(3) shall apply mutatis mutandis to the statement of operational procedures set forth in item (ii) of the preceding paragraph.
- (6) When the Applicant falls under any of the following items, or when the written application set forth in paragraph (3) or any of the attached documents listed in the items of paragraph (4) include any false statements or fail to state any material facts, the Prime Minister shall refuse to register the Applicant:
 - (i) a person who falls under any of the items of paragraph (6) of the preceding Article (excluding items (ii) and (iii));
 - (ii) a juridical person whose amount of stated capital under paragraph (3)(ii) is less than the amount specified by a Cabinet Order as necessary and appropriate for the protection of settlors or beneficiaries;
 - (iii) a juridical person whose amount of net assets is less than the amount prescribed in the preceding item;

- (iv) a juridical person whose provisions in its articles of incorporation (including documents equivalent thereto) or statement of operational procedures does not conform to laws and regulations or are not sufficient to allow it to properly execute Custodian Type Trust Business; or
 - (v) a juridical person for which any of the branch offices is found, in light of its personnel composition, to not have the knowledge and experience that would allow for the right execution of Custodian Type Trust Business.
- (7) The amount of stated capital set forth in paragraph (3)(ii) shall be calculated pursuant to the provisions of a Cabinet Office Ordinance.
 - (8) The amount of net assets set forth in paragraph (6)(iii) shall be calculated pursuant to the provisions of a Cabinet Office Ordinance.
 - (9) Where an application has been filed for registration under paragraph (1), the Prime Minister shall register the following matters in the Custodian Type Foreign Trust Companies' registry, except when the Prime Minister refuses to register the Applicant pursuant to the provisions of paragraph (6):
 - (i) the matters listed in the items of paragraph (3); and
 - (ii) the date of registration and the registration number.
 - (10) The Prime Minister shall make the Custodian Type Foreign Trust Companies' registry available for public inspection.

(Loss Reserves, etc.)

- Article 55 (1) A Foreign Trust Company (excluding Custodian Type Foreign Trust Companies) shall, for each accounting period, set aside loss reserves at its Main Branch Office in an amount not less than the amount obtained by multiplying the amount of profits pertaining to the business carried out at all branch offices by a ratio which does not exceed one tenth and which is specified by a Cabinet Office Ordinance, until the amount of loss reserves reaches the amount specified by a Cabinet Order under Article 53(6)(ii).
- (2) The provisions of the preceding paragraph shall apply mutatis mutandis to Custodian Type Foreign Trust Companies. In this case, the term "Article 53(6)(ii)" in that paragraph shall be deemed to be replaced with "Article 54(6)(ii)".
 - (3) The loss reserves set aside pursuant to the provisions of the preceding two paragraphs shall not otherwise be used except when appropriated to compensation of a net loss pertaining to the business of all branch offices for each accounting period, with approval thereof from the Prime Minister.
 - (4) A Foreign Trust Company shall, pursuant to the provisions of a Cabinet Office Ordinance, retain assets in Japan equivalent to the total sum of the loss reserves set aside pursuant to the provisions of paragraph (1) or (2), the amount of security deposits specified by a Cabinet Office Ordinance, and the amount of liability belonging to the account of all branch offices as specified by

a Cabinet Office Ordinance.

(Notification of Changes to Any of the Matters Stated in a Written Application)

Article 56 (1) When there is a change in any of the matters listed in the items of Article 53(2), a Foreign Trust Company (excluding Custodian Type Foreign Trust Companies) shall notify the Prime Minister to that effect within two weeks from the date of said change.

(2) When there is a change in any of the matters listed in the items of Article 54(3), a Custodian Type Foreign Trust Company shall notify the Prime Minister to that effect within two weeks from the date of said change.

(3) When the Prime Minister has received a notification set forth in the preceding paragraph, the Prime Minister shall register to that effect in the Custodian Type Foreign Trust Companies' registry.

(Notifications, etc.)

Article 57 (1) When a Foreign Trust Company has come to fall under any of the following items, it shall notify the Prime Minister to that effect without delay:

(i) when the Foreign Trust Company has filed for the commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, or commencement of reorganization proceedings in Japan, or when it has filed for any proceedings of the same kind in the state where its head office is located, pursuant to the laws and regulations of said state;

(ii) when the Foreign Trust Company has effected a merger (excluding the case where said Foreign Trust Company is extinguished due to a merger), when it has had a part of its Trust Business succeeded to, when it has succeeded to Trust Business in whole or in part, when it has transferred a part of its Trust Business, or when it has acquired Trust Business in whole or in part;
or

(iii) when the Foreign Trust Company falls under any other cases prescribed by a Cabinet Office Ordinance.

(2) When a Foreign Trust Company has come to fall under any of the following items, the person specified in each of the relevant items shall notify the Prime Minister to that effect without delay:

(i) when the Foreign Trust Company has closed trust business at all of its branch offices (including the cases where the Foreign Trust Company has closed all of its Trust Business in foreign countries, where it has had all of its Trust Business conducted in foreign countries succeeded to, where it has had transferred all of its Trust Business conducted in foreign countries, where it has had all of its Trust Business conducted at the branch offices succeeded to, and where it has had transferred all of its Trust Business conducted at its branch offices): said Foreign Trust Business Operator or the

- person who formerly was said Foreign Trust Business Operator;
- (ii) when the Foreign Trust Company has been extinguished due to a merger: a person who was the officer of said Foreign Trust Business Operator;
 - (iii) when an order for the commencement of bankruptcy proceedings has been issued to the Foreign Trust Company, or when any proceedings of the same kind as bankruptcy proceedings have been commenced in the state where its head office is located pursuant to the laws and regulations of said state: the bankruptcy trustee or the person who holds a position equivalent to bankruptcy trustee in said state; and
 - (iv) when the Trust Company has been dissolved due to any reason other than a merger or the commencement of bankruptcy proceedings (including the case where liquidation of a branch has been commenced): the liquidator or a person who holds a position equivalent to liquidator in the state where its head office is located.
- (3) When a Foreign Trust Company intends to close Trust Business carried out at all of its branch offices (including closure of all Trust Business carried out in foreign countries), to effect a merger (limited to a merger upon which said Foreign Trust Company extinguishes), to dissolve due to any reason other than a merger or the commencement of bankruptcy proceedings, to have all of its Trust Business conducted at branch offices succeeded to (including succession to all of its Trust Business in foreign countries), to have a part of its Trust Business conducted at branch offices succeeded to, to transfer all Trust Business at its branch offices (including transfer of all Trust Business in foreign countries) or transfer a part of Trust Business carried out at its branch offices, it shall, by thirty days prior to the date when any of these events is to take place, give public notice to that effect and post a notice to that effect in a place easily seen by the public at all of its business offices, pursuant to the provisions of a Cabinet Office Ordinance.
- (4) When a Foreign Trust Company has given public notice as set forth in the preceding paragraph, it shall immediately notify the Prime Minister to that effect.
- (5) When a Foreign Trust Company (excluding an Custodian Type Foreign Trust Company; hereinafter the same shall apply in this paragraph) has been registered pursuant to Article 52(1) or Article 54(1), or when an Custodian Type Foreign Trust Company has been registered pursuant to Article 52(1), the Foreign Trust Company or the Custodian Type Foreign Trust Company shall, without delay, give public notice to that effect and post a notice to that effect in a place easily seen by the public at all of its business offices, pursuant to the provisions of a Cabinet Office Ordinance.
- (6) The provisions of Article 940(1) (excluding item (ii)) and 940(3) (Public Notice Period, etc. of Electronic Public Notice), Article 941 (Electronic Public Notice

Investigation), Article 946 (Obligation, etc. of Investigation), Article 947 (Cases Where an Electronic Public Notice Investigation Is Unable to Be Carried Out), Article 951(2) (Keeping and Inspection, etc. of Financial Statements, etc.), Article 953 (Order for Improvement), and Article 955 (Statements, etc. in an Investigation Record Book, etc.) of the Companies Act shall apply mutatis mutandis to the cases where a Foreign Trust Company gives public notice pursuant to the provisions of this Act or any other Act (excluding public notice to be given pursuant to the provisions of the Companies Act) by means of Electronic Public Notice (meaning Electronic Public Notice as prescribed in Article 2(xxxiv) (Definitions) of that Act). In this case, the term "the preceding two paragraphs" in Article 940(3) of that Act shall be deemed to be replaced with "paragraph (1)," and any necessary technical replacement of terms shall be specified by a Cabinet Order.

(Inspections, etc.)

- Article 58 (1) When the Prime Minister finds it necessary for securing the sound and appropriate operations of a Foreign Trust Company's trust business, he/she may order said Foreign Trust Company or a person who conducts transactions with a branch office of said Foreign Trust Company with regard to said business to submit reports or materials that should be used as a reference concerning the business or property of said branch office, or have the officials enter said branch office or any other facility, and have them ask questions about the status of business or property, or inspect the books and documents or other relevant items.
- (2) When the Prime Minister finds it especially necessary for securing the sound and appropriate operations of trust business of a Foreign Trust Company, the Prime Minister may, to the extent of that necessity, order a person who has been delegated with business by said Foreign Trust Company to submit reports or materials that should be used as a reference concerning the business or property of said Foreign Trust Company, or may have officials enter the facilities of a person who has been delegated with business by said Foreign Trust Company, and have them ask questions about the status of business or property of said Foreign Trust Company, or inspect the books, documents, or other relevant items.
- (3) A person who has been delegated with business by a Foreign Trust Company as set forth in the preceding paragraph may refuse to submit a report or materials, may refuse questioning, and may refuse to undergo an inspection under the provisions of that paragraph when there are justifiable grounds.
- (4) An official who carries out an inspection pursuant to the provisions of paragraph (1) or (2) shall carry a certificate for identification and present it to the persons concerned.

(5) The authority for inspection under the provisions of paragraphs (1) and (2) shall not be construed as being for criminal investigation.

(Supervisory Dispositions against an Investment-Based Foreign Trust Company)

Article 59 (1) Where a Foreign Trust Company (excluding an Custodian Type Foreign Trust Company; hereinafter the same shall apply in this Article) falls under any of the following items, the Prime Minister may rescind its license under Article 53, paragraph (1), or may order said Foreign Trust Company to suspend business operations at its branch offices in whole or in part specifying a period not exceeding six months therefor:

- (i) when the Foreign Trust Company has come to fall under any of Article 53(6)(i) to (vi) inclusive;
- (ii) when the Foreign Trust Company is found to have fallen under any of the items of Article 53(6) at the time when it obtained a license under paragraph (1) of that Article;
- (iii) when any of the branch offices of the Foreign Trust Company has ceased to have a sufficient personnel composition to allow for the right execution of trust business;
- (iv) when the Foreign Trust Company is found to have obtained a license under Article 53(1) by wrongful means;
- (v) when the Foreign Trust Company has violated any condition attached to a license under Article 53(1);
- (vi) when the Foreign Trust Company has violated laws and regulations or any disposition made by the Prime Minister pursuant to laws and regulations; or
- (vii) when the Foreign Trust Company has committed an act that is harmful to the public interest.

(2) When a Foreign Trust Company's Representative in Japan or a resident officer in a branch office thereof has come to fall under any of Article 5(2)(viii)(a) to (h) inclusive, or has committed an act that falls under item (v) or (vi) of the preceding paragraph, the Prime Minister may order said Foreign Trust Company to dismiss said representative or said officer.

(Supervisory Disposition against a Custodian Type Foreign Trust Company)

Article 60 (1) Where a Custodian Type Foreign Trust Company falls under any of the following items, the Prime Minister may rescind its registration under Article 54(1) or may order said Custodian Type Foreign Trust Company to suspend business operations at its branch offices in whole or in part and specify a period not exceeding six months therefor:

- (i) when the Custodian Type Foreign Trust Company has come to fall under Article 53(6)(i) or any of items (iv) to (vi) inclusive of that paragraph;

- (ii) when the Custodian Type Foreign Trust Company has come to fall under any of Article 54(6)(ii) to (v) inclusive;
 - (iii) when the Custodian Type Foreign Trust Company is found to have been registered under Article 54(1) by wrongful means;
 - (iv) when the Custodian Type Foreign Trust Company has violated laws and regulations or a disposition made by the Prime Minister pursuant to laws and regulations; or
 - (v) when the Custodian Type Foreign Trust Company has committed an act that is harmful to the public interest.
- (2) When an Custodian Type Foreign Trust Company's Representative in Japan or a resident officer in a branch office thereof has come to fall under any of Article 5(2)(viii)(a) to (h) inclusive, or has committed an act that falls under item (iv) of the preceding paragraph, the Prime Minister may order said Custodian Type Foreign Trust Company to dismiss said representative or said officer.

(Application Mutatis Mutandis of Provisions on Dismissal Procedures in the Case of Rescission, etc. of a License, etc.)

Article 61 The provisions of Article 49 shall apply mutatis mutandis to the a case where the Prime Minister has not renewed a registration under Article 7(3) as applied mutatis mutandis pursuant to Article 54(2), the case where the Prime Minister has rescinded a license under Article 53(1) pursuant to the provisions of Article 59(1), or the case when the Prime Minister has rescinded a registration under Article 54(1) pursuant to the provisions of paragraph (1) of the preceding Article.

(Opinion, etc. of the Prime Minister in Liquidation Proceedings, etc.)

Article 62 (1) In liquidation proceedings, bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or recognition and assistance proceedings conducted in Japan in relation to a Foreign Trust Company, the court may request the opinion of the Prime Minister, and may request that an inspection or investigation be carried out thereby.

(2) The provisions of Article 50(2) and (3) shall apply mutatis mutandis to the case prescribed in the preceding paragraph.

(Application of This Act)

Article 63 (1) The provisions of Chapter II (excluding the provisions of Article 3 to Article 10 inclusive, Article 12, Article 14(2), Article 17 to Article 21 inclusive, Article 32, Article 35 to Article 42 inclusive, Article 44, Article 45, and Article 49 to Article 52 inclusive) and the provisions of Chapter VII pertaining to these provisions shall apply by deeming a Foreign Trust

Company to be a Trust Company, an Custodian Type Foreign Trust Company to be an Custodian Type Trust Company, and a Foreign Trust Company's Representative in Japan and the resident officer of a branch office thereof (excluding a company auditor or a person equivalent thereto) to be a director of a Trust Company. In this case, the terms and phrases listed in the middle column of the following table in the provisions listed in the left-hand column of the same table shall be deemed to be replaced with the terms and phrases listed in the right-hand column of said table.

Article 11(1)	head office	main branch office
Article 11(10)	renewal of a registration under Article 7(3)	renewal of a registration under Article 7(3) as applied mutatis mutandis pursuant to Article 54(2)
	Article 44(1)	Article 59(1)
	license under Article 3	license under Article 53(1)
	Article 45(1)	Article 60(1)
	registration under Article 7(1)	registration under Article 54(1)
Article 14(1), Article 25 and Article 26(1)(ii)	trade name	name of branch offices
Article 24-2	"the address	"the address of the branch offices
	"Article 26(1) of the Trust Business Act";	"Article 26(1) of the Trust Business Act"; the term "officer" in Article 38 of the Financial Instruments and Exchange Act shall be deemed to be replaced with "officers (including Representative Persons in Japan)";
Article 33	with respect to each business year	with respect to each period from April of every year to March of the next year
	of each business year	of said period
Article 34	with respect to each business year	with respect to each period from April of every year to March of the next year
	of each business year	of said period
	business offices	branch offices
Article 46(1)	Article 41(2)	Article 57(2)
	license under Article 3	license under Article 53(1)
	registration under Article 7(1)	registration under Article 54(1)

Article 46(2)	registration under Article 7(1) or Article 52(1)	registration under Article 52(1) or Article 54(1)
	license under Article 3	license under Article 53(1)
Article 46(3)	license under Article 3 or a registration under Article 52(1)	registration under Article 52(1) or license under Article 53(1)
	registration under Article 7(1)	registration under Article 54(1)
Article 47	renewal of a registration under Article 7(3)	renewal of a registration under Article 7(3) as applied mutatis mutandis pursuant to Article 54(2)
	Article 45(1)	Article 60(1)
	registration under Article 7(1)	registration under Article 54(1)
Article 48	Article 44(1)	Article 59(1)
	license under Article 3	license under Article 53(1)
	Article 45(1)	Article 60(1)
	registration under Article 7(1)	registration under Article 54(1)

(2) The provisions of Article 21 shall apply mutatis mutandis to the business conducted by a Foreign Trust Company at its branch offices, and the provisions of Article 39 shall apply mutatis mutandis to the cases where a Foreign Trust Company transfers Trust Business conducted at its branches. In this case, the terms and phrases listed in the middle column of the following table in the provisions listed in the left-hand column of the same table shall be deemed to be replaced with the terms and phrases listed in the right-hand column of said table.

Article 21(1)	Article 4(2)(iii)	Article 53(3)(ii)
	Article 8(2)(iii)	Article 54(4)(ii)
Article 21(6)	license under Article 3	license under Article 53(1)
	registration under Article 7(1)	registration under Article 54(1)

(Notification of Establishment of an Office for Resident Officers of a Foreign Trust Business Operator, etc.)

Article 64 (1) Where a Foreign Trust Business Operator intends to establish an office for its resident officers or any other facility in Japan for the purpose of conducting the following business (including the case where a Foreign Trust Business Operator intends to conduct said business at a facility that has been established for other purposes), it shall notify the Prime Minister of the content of said business, the location of said facility, and other matters specified by a Cabinet Office Ordinance in advance:

- (i) the collection or provision of information concerning Trust Business; and
 - (ii) other business related to Trust Business.
- (2) When the Prime Minister finds it necessary, the Prime Minister may request a Foreign Trust Business Operator to submit a report or materials concerning the business listed in the items of the preceding paragraph which is conducted at the facility set forth in that paragraph.
- (3) When a Foreign Trust Business Operator has closed a facility set forth in paragraph (1), has closed any business listed in the items of that paragraph which is conducted at said facility, or has changed any of the matters notified pursuant to the provisions of that paragraph, it shall notify the Prime Minister to that effect without delay.

Chapter IV Persons Authorized to Give Directions

(Duty of Loyalty of Persons Authorized to Give Directions)

Article 65 A person who carries out business related to providing instructions on methods of management or disposition of trust property (hereinafter referred to as a "Person Authorized to Give Directions" in the following Article) shall, in accordance with the main purpose of trust, loyally provide instructions on the management or disposition of trust property for the benefit of the beneficiaries.

(Rules of Conduct for Persons Authorized to Give Directions)

Article 66 No Person Authorized to Give Directions shall commit any of the following acts with regard to the trust property regarding which the person gives instructions:

- (i) the act of instructing the trustee to conduct a transaction under conditions which are different from those for ordinary transactions, and under which a transaction will cause damage to the trust property;
- (ii) the act of instructing the trustee to conduct a transaction which is unnecessary in light of the purpose of the trust, the status of the trust property, or the policy for the management or disposition of trust property;
- (iii) the act of instructing the trustee to conduct a transaction (excluding that specified by a Cabinet Office Ordinance) in pursuit of one's own interests or in the interests of a person other than the beneficiary pertaining to the trust property, by using information on said trust property; and
- (iv) other acts specified by a Cabinet Office Ordinance as those which are likely to cause damage to the trust property.

Chapter V Agent for Trust Agreement

Section 1 General Provisions

(Registration)

Article 67 (1) No person may carry out Agency for Trust Agreements without being registered by the Prime Minister.

(2) A person who carries out Agency for Trust Agreements shall carry out Agency for Trust Agreements for a Trust Company or a Foreign Trust Company (hereinafter referred to as "Principal Trust Company") under authorization by said Trust Company or Foreign Trust Company.

(Application for Registration)

Article 68 (1) A person who wishes to be registered under paragraph (1) of the preceding Article (referred to as "Applicant" in Article 70) shall submit a written application to the Prime Minister stating the following matters:

- (i) the trade name or name;
- (ii) in the case of a juridical person, the names of the officers;
- (iii) the names and locations of the business offices or offices where the person carries out Agency for Trust Agreements;
- (iv) the trade name of the Principal Trust Company;
- (v) where the person carries out other business, the type of business; and
- (vi) other matters specified by a Cabinet Office Ordinance.

(2) The following documents shall be attached to the written application set forth in the preceding paragraph:

- (i) a document pledging that the person falls under neither Article 70(i) nor (ii);
- (ii) a statement of operational procedures;
- (iii) in the case of a juridical person, the articles of incorporation and a certificate of the registered matters of the company (including documents equivalent thereto); and
- (iv) other documents specified by a Cabinet Office Ordinance.

(3) The matters that should be stated in a statement of operational procedures set forth in item (ii) of the preceding paragraph shall be specified by a Cabinet Office Ordinance.

(Registration in Registry)

Article 69 (1) Where an application has been filed for registration under Article 67(1), the Prime Minister shall register the following matters in the registry for Agents for Trust Agreement except when the Prime Minister refuses to register the Applicant pursuant to the provisions of the following Article:

- (i) the matters listed in the items of paragraph (1) of the preceding Article; and
- (ii) the date of registration and the registration number.

(2) The Prime Minister shall make the registry for Trust Agreement available for public inspection.

(Refusal of Registration)

Article 70 When an Applicant falls under any of the following items, or when the written application set forth in Article 68(1) or any of the attached documents listed in the items of paragraph (2) of that Article include any false statements or fail to state any material facts, the Prime Minister shall refuse to register the Applicant:

- (i) in cases where the Applicant is an individual, a person who falls under any of Article 5(2)(viii)(a) to (h) inclusive;
- (ii) in cases where the Applicant is a juridical person, a person who falls under any of the following:
 - (a) a person who falls under Article 5(2)(x)(a) or (b); or
 - (b) a person whose officers include a person who falls under any of Article 5(2)(viii)(a) to (h) inclusive;
- (iii) a person who is found not to have established the system necessary for the right execution of Agency for Trust Agreements; or
- (iv) a person whose other business is found to be contrary to the public interest.

(Notification of Changes)

- Article 71 (1) When there is a change in any of the matters listed in the items of Article 68(1), the Agent for Trust Agreement shall notify the Prime Minister to that effect within two weeks from the date of said change.
- (2) When the Prime Minister has received a notification set forth in the preceding paragraph, the Prime Minister shall register to that effect in the registry for Agent for Trust Agreement.
- (3) When an Agent for Trust Agreement has changed its statement of operational procedures under Article 68(2)(ii), it shall notify the Prime Minister to that effect without delay.

(Posting of Signs)

- Article 72 (1) An Agent for Trust Agreement shall post a sign in the format specified by a Cabinet Office Ordinance in a place easily viewable by the public at each business office or office where it carries out Agency for Trust Agreements.
- (2) No person other than an Agent for Trust Agreement shall post a sign as set forth in the preceding paragraph or any sign similar thereto.

(Prohibition on Name Lending)

Article 73 No Agent for Trust Agreement shall have another person carry out Agency for Trust Agreements in its own name.

Section 2 Business

(Explanations to Clients)

Article 74 When an Agent for Trust Agreement acts as an agent (limited to the cases where it acts as an agent for a Trust Company or a Foreign Trust Company; hereinafter the same shall apply in this Chapter) or an intermediary in concluding a trust agreement, it shall clearly explain to the client the following matters in advance:

- (i) the trade name of the Principal Trust Company;
- (ii) the role that the Trust Agreement Agent plays in concluding a trust agreement, either as an agent or as an intermediary; and
- (iii) other matters specified by a Cabinet Office Ordinance.

(Segregated Management)

Article 75 Where an Agent for Trust Agreement has received a deposit of property from a client with regard to business in which it acts as an agent or intermediary in concluding a trust agreement, it shall manage said property separately from its own property and any property deposited in relation to conclusion of other trust agreements.

(Application Mutatis Mutandis)

Article 76 The provisions of Article 24 and Article 25 shall apply mutatis mutandis to business carried out by an Agent for Trust Agreement that is related to acting as an agent or an intermediary in concluding a trust agreement. In this case, the phrase "the following acts (in the case of accepting a trust under a Specific Trust Agreement prescribed in the following Article, excluding acts listed in item (v))" in Article 24(1) shall be deemed to be replaced with "the following acts," the term "matters (in the case of accepting a trust under a Specific Trust Agreement, excluding the matters listed in that item)" in Article 25 shall be deemed to be replaced with "matters," and the term "said Trust Company" in the same provisions shall be deemed to be replaced with "trustee."

Section 3 Accounting

(Reports on Agency for Trust Agreements)

Article 77 (1) An Agent for Trust Agreement shall prepare a report on its Agency for Trust Agreements with respect to each business year and submit it to the Prime Minister within three months from the end of each business year.

(2) The Prime Minister shall make reports on Agency for Trust Agreements as set forth in the preceding paragraph available for public inspection, with the exception of matters that are likely to do harm to a secret of the settlor or

beneficiary and matters that are likely to cause an unreasonable disadvantage in the business performance of said Agent for Trust Agreement.

(Public Inspection of Explanatory Documents of Principal Trust Companies)

Article 78 (1) An Agent for Trust Agreement shall keep copies of explanatory documents prepared by the Principal Trust Company pursuant to the provisions of Article 34(1) with respect to each business year of said Principal Trust Company at all of its business offices or offices where it carries out Agency for Trust Agreements, and shall thereby make it available for public inspection.

(2) When an explanatory document prescribed in the preceding paragraph has been prepared in the form of an Electromagnetic Record, all business offices or offices carrying out Agency for Trust Agreements may take measures specified by a Cabinet Office Ordinance as those for making information contained in said explanatory document available to unspecified many persons by Electromagnetic Means. In this case, the explanatory documents prescribed in that paragraph shall be deemed to have been made available for public inspection.

Section 4 Supervision

(Notification of Cessation of Business, etc.)

Article 79 When an Agent for Trust Agreement has come to fall under any of the following items, the persons prescribed in those items shall notify the Prime Minister to that effect within thirty days from that date:

- (i) when a Trust Agreement Agent has closed Agency for Trust Agreements (including when it has had the whole Agency for Trust Agreements succeeded to due to company split or has transferred the whole Agency for Trust Agreements): the individual or juridical person;
- (ii) when an individual who is an Agent for Trust Agreement has died: the individual's heir;
- (iii) when a juridical person who is an Agent for Trust Agreement has been extinguished due to merger: the person who was an officer representing the juridical person;
- (iv) when a juridical person who is an Agent for Trust Agreement has been dissolved due to an order for the commencement of bankruptcy proceedings: the bankruptcy trustee;
- (v) when a juridical person who is an Agent for Trust Agreement has been dissolved for a reason other than a merger or an order for the commencement of bankruptcy proceedings: the liquidator.

(Site Inspections, etc.)

Article 80 (1) When the Prime Minister finds it necessary for securing the sound and appropriate operations of the agency business for trust agreements by an Agent for Trust Agreement, the Prime Minister may order said Agent for Trust Agreement or a person who conducts transactions with said Agent for Trust Agreement with regard to said business to submit reports or materials that should be used as a reference concerning the business of said Agent for Trust Agreement, or may have officials enter a business office or office of said Agent for Trust Agreement, ask questions about the status of business, and inspect the books, documents, and other relevant items.

(2) An official who carries out inspections pursuant to the provisions of the preceding paragraph shall carry a certificate for identification and present it to the persons concerned.

(3) The authority for inspection under the provisions of paragraph (1) shall not be construed as being for criminal investigation.

(Order to Improve Business Operations)

Article 81 When the Prime Minister finds it necessary for securing the sound and appropriate operations of the business of an Agent for Trust Agreement in light of the status of business of said Agent for Trust Agreement, the Prime Minister may, to the extent of that necessity, order said Agent for Trust Agreement to change its statement of operational procedures or take any other measures necessary to improve the operations of the business.

(Supervisory Dispositions)

Article 82 (1) Where an Agent for Trust Agreement falls under any of the following items, the Prime Minister may rescind the registration of said Agent for Trust Agreement under Article 67(1), or may order said Agent for Trust Agreement to suspend its business operations in whole or in part and specifying a period not exceeding six months therefor:

(i) when the Trust Agreement Agent has come to fall under any of the items of Article 70 (excluding item (ii)(b));

(ii) when the Trust Agreement Agent is found to have been registered under Article 67(1) by wrongful means;

(iii) when the Trust Agreement Agent has violated laws or regulations or a disposition made by the Prime Minister pursuant to laws and regulations; or

(iv) when the Trust Agreement Agent has committed an act that is harmful to the public interest.

(2) When an officer of an Agent for Trust Agreement has come to fall under any of (a) to (h) inclusive of Article 5(2)(viii), or has committed an act that falls under item (iii) of the preceding paragraph, the Prime Minister may order said

Agent for Trust Agreement to dismiss said officer.

(Loss of Effect of Registration)

Article 83 When an Agent for Trust Agreement Agent has come to fall under any of the items of Article 79, or when all entrustment agreements it has concluded with entrusting trust companies have terminated, the registration under Article 67(1) of said Trust Agreement Agent shall cease to be effective.

(Cancellation of Registration)

Article 84 When the Prime Minister has rescinded a registration under Article 67(1) pursuant to the provisions of Article 82(1), or when a registration under Article 67(1) has ceased to be effective pursuant to the provisions of the preceding Article, the Prime Minister shall cancel said registration.

Section 5 Miscellaneous Provisions

(Entrusting Trust Company Liability for Damages)

Article 85 A Principal Trust Company of an Agent for Trust Agreement shall be liable for compensation for damages caused to a client with regard to business carried out by an Agent for Trust Agreement that is related to acting as an agency or an intermediary in concluding a trust agreement; provided, however, that this shall not apply to the case where an Principal Trust Company has paid reasonable attention in entrusting said Agent for Trust Agreement and has made efforts to prevent damages which have been caused to a client with regard to business carried out by the Agent for Trust Agreement that is related to acting as an agent or an intermediary in concluding a trust agreement.

Chapter VI Miscellaneous Provisions

(Submission of Materials to the Minister of Finance, etc.)

Article 86 (1) When the Minister of Finance finds it necessary for planning or designing systems for Trust Business, in relation to a system for disposal of failed financial institutions and financial risk management under the Minister's jurisdiction, the Minister may request that the Prime Minister provide the necessary materials and explanations therefor.

(2) When the Minister of Finance finds it particularly necessary for planning or designing systems for Trust Business, in relation to a system for disposal of failed financial institutions and financial crisis management under the Minister's jurisdiction, the Minister may, to the extent of that necessity, request Trust Companies, Foreign Trust Companies, or Agents for Trust Agreement to provide materials or explanation or any other cooperation.

(Delegation of Authority)

Article 87 (1) The Prime Minister shall delegate the authority under this Act (excluding that specified by a Cabinet Order) to the Commissioner of the Financial Services Agency.

(2) The Commissioner of the Financial Services Agency may, pursuant to the provisions of a Cabinet Order, delegate part of the authority delegated pursuant to the provisions of the preceding paragraph to the Directors-General of the Local Finance Bureaus or the Directors-General of the Local Finance Branch Bureaus.

(Application)

Article 88 The term "trust company" as used in laws and regulations other than this Act and orders issued based thereon shall include Foreign Trust Companies, except as otherwise provided.

(Delegation to Cabinet Office Ordinance)

Article 89 In addition to what is provided in this Act, application procedures, procedures for submission of documents, matters to be stated, and the preservation period with regard to a license, registration, authorization, or approval under the provisions of this Act and other matters necessary to enforce this Act shall be prescribed by a Cabinet Office Ordinance.

(Transitional Measures)

Article 90 Where an order is established or revised pursuant to the provisions of this Act, the necessary transitional measures (including those concerning penal provisions) may be prescribed by said order to the extent reasonably required along with said establishment or revision.

Chapter VII Penal Provisions

Article 91 A person who falls under any of the following items shall be punished by imprisonment with work for not more than three years, a fine of not more than three million yen, or both:

- (i) a person who, in violation of the provisions of Article 3, has carried out Trust Business without obtaining a license;
- (ii) a person who has obtained a license under Article 3 or Article 53(1) by wrongful means;
- (iii) a person who has been registered under Article 7(1), Article 50-2(1), Article 52(1) or Article 54(1) by wrongful means;
- (iv) a person who, in violation of the provisions of Article 15, has had another

- person carry out Trust Business;
- (v) a person who, in violation of the provisions of Article 50-2(1), has created any trust by means specified in Article 3(iii) of the Trust Act without being registered;
 - (vi) a person who, in violation of the provisions of Article 67(1), has carried out Agency for Trust Agreements without being registered;
 - (vii) a person who has been registered under Article 67(1) by wrongful means;
or
 - (viii) a person who, in violation of the provisions of Article 73, has had another person carry out Agency for Trust Agreements.

Article 92 A person who falls under any of the following items shall be punished by imprisonment with work for not more than two years, a fine of not more than three million yen, or both:

- (i) a person who has violated any of the conditions attached pursuant to the provisions of Article 5(8) or Article 53(9);
- (ii) a person who has violated an order to suspend business operations under the provisions of Article 44(1) or Article 45(1);
- (iii) a person who has violated an order to suspend business operations under the provisions of Article 59(1) or Article 60(1); or
- (iv) a person who has violated an order to suspend business operations under the provisions of Article 82(1).

Article 93 A person who falls under any of the following items shall be punished by imprisonment with work for not more than one year, a fine of not more than three million yen, or both:

- (i) a person who has made a false statement in a written application under the provisions of Article 4(1) or any of the documents to be attached thereto pursuant to the provisions of paragraph (2) of that Article, and submitted it;
- (ii) a person who has made a false statement in a written application under the provisions of Article 8(1) (including the cases where it is applied mutatis mutandis pursuant to Article 52(2)) or Article 50-2(3) or any of the documents to be attached thereto pursuant to the provisions of Article 8(2) (including the cases where it is applied mutatis mutandis pursuant to Article 52(2)) or Article 50-2(4), and submitted it;
- (iii) a person who, in violation of the provisions of Article 21(2) (including the cases where it is applied mutatis mutandis pursuant to Article 63(2)), has carried out business other than Trust Business, Agency for Trust Agreements, Business for the Sale and Purchase, etc. of Beneficial Interest in Trust and property management business without obtaining approval;
- (iv) a person who, in violation of the provisions of Article 24(1)(i), (iii), or (iv)

- (including the cases where these provisions are applied mutatis mutandis pursuant to Article 76), has committed any of the acts listed in these provisions;
- (v) a person who has violated the provisions of Article 29(2);
 - (vi) a person who has failed to submit a report under the provisions of Article 33, or has submitted a false report;
 - (vii) a person who has failed to make an explanatory document under the provisions of Article 34(1) available for public inspection or who has failed to take any measures specified by a Cabinet Office Ordinance as those for making information recorded in an Electromagnetic Record under the provisions of paragraph (3) of that Article available to unspecified many persons by Electromagnetic Means, or a person who has made an explanatory document including a false statement available for public inspection or who has taken measures for making information recorded in an Electromagnetic Record including a false record available to unspecified many persons by Electromagnetic Means;
 - (viii) a person who has made a false statement in a written application under the provisions of Article 36(2) or in any of the documents to be attached thereto pursuant to the provisions of paragraph (3) of that Article, and submitted it;
 - (ix) a person who has made a false statement in a written application under the provisions of Article 37(2) or in any of the documents to be attached thereto pursuant to the provisions of paragraph (3) of that Article, and submitted it;
 - (x) a person who has made a false statement in a written application under the provisions of Article 38(2) or in any of the documents to be attached thereto pursuant to the provisions of paragraph (3) of that Article, and submitted it;
 - (xi) a person who has made a false statement in a written application under the provisions of Article 39(2) (including the cases where it is applied mutatis mutandis pursuant to paragraph (5) of that Article (including the cases where it is applied mutatis mutandis pursuant to Article 63(2)) and Article 63(2)) or in any of the documents to be attached thereto pursuant to the provisions of Article 39(3) (including the cases where it is applied mutatis mutandis pursuant to paragraph (5) of that Article (including the cases where it is applied mutatis mutandis pursuant to Article 63(2)) and Article 63(2)), and submitted it;
 - (xii) a person who has failed to give a public notice under the provisions of Article 41(3) or (5), or who has given a false public notice;
 - (xiii) a person who has failed to submit a report or material under the provisions of Article 42(1) (including the cases where it is applied mutatis mutandis pursuant to Article 50(3) (including the cases where it is applied

- mutatis mutandis pursuant to Article 62(2))) or Article 42(2) or (3), or who has submitted a false report or material;
- (xiv) a person who has failed to respond to questioning by officials under the provisions of Article 42(1) (including the cases where it is applied mutatis mutandis pursuant to Article 50(3) (including the cases where it is applied mutatis mutandis pursuant to Article 62(2))) or Article 42(2) or (3), who has given a false answer thereto, or who has refused, obstructed, or avoided an inspection under these provisions;
- (xv) a person who has failed to make a notification under the provisions of Article 51(2) or who has made a false statement in a written notice set forth in that paragraph or in any of the documents to be attached thereto pursuant to the provisions of paragraph (3) of that Article and submitted it;
- (xvi) a person who has violated an order under the provisions of Article 51(4);
- (xvii) a person who has failed to make a notification under the provisions of Article 51(5) or has made a false notification;
- (xviii) a person who has failed to submit a report or material under the provisions of Article 51(6), or has submitted a false report or material;
- (xix) a person who has failed to respond to questioning by the officials under the provisions of Article 51(6), who has given a false answer thereto, or who has refused, obstructed, or avoided an inspection under these provisions;
- (xx) a person who has violated the provisions of Article 51(8) or (9);
- (xxi) a person who has made a false statement in a written application under the provisions of Article 53(2) or in any of the documents to be attached thereto pursuant to the provisions of paragraph (3) of that Article, and submitted it;
- (xxii) a person who has made a false statement in a written application under the provisions of Article 54(3) or in any of the documents to be attached thereto pursuant to the provisions of paragraph (4) of that Article, and submitted it;
- (xxiii) a person who has failed to give public notice under the provisions of Article 57(3) or (5) or has given a false public notice;
- (xxiv) a person who has failed to submit a report or material under the provisions of Article 58(1) or (2), or has submitted a false report or material;
- (xxv) a person who has failed to respond to questioning by officials under the provisions of Article 58(1) or (2), who has given a false answer thereto, or who has refused, obstructed, or avoided an inspection under these provisions;
- (xxvi) a person who has made a false statement in a written application under the provisions of Article 68(1) or in any of the documents to be attached thereto pursuant to the provisions of paragraph (2) of that Article, and submitted it;
- (xxvii) a person who has failed to submit a report under the provisions of

- Article 77(1), or who has submitted a false report;
- (xxviii) a person who has failed to make an explanatory document under the provisions of Article 78(1) available for public inspection, who has failed to take any measures specified by a Cabinet Office Ordinance as those for making information recorded in an Electromagnetic Record under the provisions of paragraph (2) of that Article available to unspecified many persons by Electromagnetic Means, who has made an explanatory document including a false statement available for public inspection, or who has taken measures for making information recorded in an Electromagnetic Record including a false record available to unspecified many persons by Electromagnetic Means;
 - (xxix) a person who has failed to submit a report or material under the provisions of Article 80(1), or who has submitted a false report or material;
or
 - (xxx) a person who has failed to respond to questioning by officials under the provisions of Article 80(1), who has given a false answer, or who has refused, obstructed, or avoided an inspection under these provisions;

Article 94 A person who falls under any of the following items shall be punished by imprisonment with work for not more than one year, a fine of not more than one million yen, or both:

- (i) a person who, in violation of the provisions of Article 6, has reduced the amount of stated capital without obtaining authorization;
- (ii) a person who, in violation of the provisions of Article 11(5), has begun trust business;
- (iii) a person who, in violation of the provisions of Article 13(1), has changed the statement of operational procedures without obtaining authorization;
- (iv) a person who, in violation of the provisions of Article 16(1), has been engaged in routine business at another company or who has carried out business without obtaining approval;
- (v) a person who has violated an order under the provisions of Article 18 (including the cases where it is applied *mutatis mutandis* pursuant to Article 20);
- (vi) a person who, in violation of the provisions of Article 21(4) (including the cases where it is applied *mutatis mutandis* pursuant to Article 63(2)), has changed the content or method of business without obtaining approval; or
- (vii) a person who has violated the provisions of Article 39(2) (excluding item (ii) of the Financial Instruments and Exchange Act, as applied *mutatis mutandis* pursuant to Article 24-2 (hereinafter referred to as the "Financial Instruments and Exchange Act as Applied *Mutatis Mutandis*").

Article 95 In the case of item (vii) of the preceding Article, property benefits obtained by an offender or a knowing third party shall be confiscated. When such property benefits cannot be confiscated in whole or in part, a value equivalent thereto shall be collected.

Article 96 A person who falls under any of the following items shall be punished by imprisonment with work for not more than six months, a fine of not more than five hundred thousand yen, or both:

- (i) a person who, in violation of the provisions of Article 11(8), has failed to make a deposit;
- (ii) a person who has failed to submit a written notice under the provisions of Article 17(1) (including the cases where it is applied mutatis mutandis pursuant to Article 20) or any of the documents to be attached thereto pursuant to the provisions of Article 17(2) (including the cases where it is applied mutatis mutandis pursuant to Article 20), or who has submitted a written notice or a document to be attached thereto which is false;
- (iii) a person who has made a false statement in a written application under the provisions of Article 21(3) (including the cases where it is applied mutatis mutandis pursuant to Article 63(2)) or in any of the documents to be attached thereto and submitted it;
- (iv) a person who has failed to indicate any of the matters prescribed in Article 37(1) (excluding item (ii)) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis, or has made a false indication thereof;
- (v) a person who has violated the provisions of Article 37(2) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis;
- (vi) a person who, in violation of the provisions of Article 37-3(1) (excluding items (ii) to (iv) inclusive and item (vi)) of the Financial Instruments and Exchange Act as Applied Mutatis Mutandis, has failed to deliver a document, who has delivered a document that lacks a statement on any of the matters prescribed in that paragraph or a document that includes a false statement, who has provided information that is lacking in any of the matters prescribed in that paragraph, or who has provided false information by the method prescribed in Article 34-2(4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 37-3(2);
- (vii) in the case where a document set forth in Article 26(1) is delivered or where an Electromagnetic Means set forth in paragraph (2) of that Article is adopted, a person who has failed to deliver or provide the Electromagnetic Record made by said means or who has delivered or provided a false document or Electromagnetic Record;
- (viii) a person who has failed to deliver a report under the provisions of Article 27(1) or who has delivered a report that includes a false statement; or

- (ix) a person who has failed to deliver a document under the provisions of Article 29(3) or who has delivered a false document.

Article 97 A person who falls under any of the following items shall be punished by a fine of not more than three hundred thousand yen:

- (i) a person who has failed to make a notification under the provisions of Article 12(1) or (2) or who has made a false notification;
- (ii) a person who has failed to make a notification under the provisions of Article 13(2) or who has made a false notification;
- (iii) a person who has violated the provisions of Article 14(2);
- (iv) a person who has failed to make a notification under the provisions of Article 19 (including the cases where it is applied mutatis mutandis pursuant to Article 20) or who has made a false notification;
- (v) a person who has failed to make a notification under the provisions of Article 41(1), (2) or (4) or who has made a false notification;
- (vi) a person who has failed to make a notification under the provisions of Article 56(1) or (2) or who has made a false notification;
- (vii) a person who has failed to make a notification under the provisions of Article 57(1), (2) or (4) or who has made a false notification;
- (viii) a person who, in violation of the provisions of Article 955(1) (Statement, etc. in Investigation Record Registry, etc.) of the Companies Act, as applied mutatis mutandis pursuant to Article 57(6), has failed to state or record the matters specified by an Ordinance of the Ministry of Justice concerning an investigation of the electronic public notice prescribed in Article 955(1) of that Act in an Investigation Record Registry, etc. (meaning an investigation record registry, etc. as prescribed in that paragraph; hereinafter the same shall apply in this item) or who has made a false statement or record, or a person who, in violation of the provisions of that paragraph, has failed to preserve an Investigation Record Registry, etc.;
- (ix) a person who has failed to make a notification under the provisions of Article 71(1) or (3) or who has made a false notification;
- (x) a person who has violated the provisions of Article 72(1);
- (xi) a person who, in violation of the provisions of Article 72(2), has posted a sign set forth in paragraph (1) of that Article or a sign similar thereto; or
- (xii) a person who has failed to make a notification under the provisions of Article 79 or who has made a false notification.

Article 98 (1) When a representative of a juridical person (including an entity that is not a juridical person for which a representative or an administrator has been designated; hereinafter the same shall apply in this paragraph), an agent, employee, or other worker of a juridical person, or an individual has

committed an act in violation of any of the provisions listed in the following items with regard to the business or property of said juridical person or individual, not only shall the offender be punished, but said juridical person shall be punished as well by the fine prescribed in those items, and said individual shall be punished by the fine prescribed in the Articles referred to in the respective items:

- (i) Article 92: a fine of not more than three hundred million yen;
 - (ii) Article 93 (excluding items (iii), (xii), and (xxiii)): a fine of not more than two hundred million yen;
 - (iii) Article 94(v) or (vii): a fine of not more than one hundred million yen; and
 - (iv) Article 91, Article 93(iii), (xii), or (xxiii), Article 94 (excluding items (v) and (vii)), or the preceding two Articles: the fine prescribed in the respective Articles.
- (2) Where an entity that is not a juridical person is punished pursuant to the provisions of the preceding paragraph, its representative or administrator shall represent the entity in its procedural acts, and the provisions of the Acts concerning criminal actions in which a juridical person is the accused or the suspect shall apply *mutatis mutandis*.

Article 99 In the cases that fall under any of the following items, the officer or liquidator of a Trust Company, the Representative in Japan or liquidator of a Foreign Trust Company, or the Agent for Trust Agreement (when said Agent for Trust Agreement Agent is a juridical person, the officer or liquidator thereof) shall be punished by a non-criminal fine of not more than one million yen:

- (i) when having violated an order under the provisions of Article 43;
- (ii) when having failed to appropriate reserves or having used them in violation of the provisions of Article 55(1) (including the cases where it is applied *mutatis mutandis* pursuant to paragraph (2)) or Article 55(3);
- (iii) when not retaining any assets in Japan, in violation of the provisions of Article 55(4);
- (iv) when having failed to request an investigation under Article 941 (Investigation of the Electronic Public Notice) of the Companies Act, in violation of the provisions of that Article, as applied *mutatis mutandis* pursuant to Article 57(6);
- (v) when not carrying out the management of property that should be carried out pursuant to the provisions of Article 75;
- (vi) when having violated an order under the provisions of Article 81; or
- (vii) when not carrying out the management of trust property that should be carried out pursuant to the provisions of Article 34 of the Trust Act.

Article 100 A person who falls under any of the following items shall be punished by a non-criminal fine of not more than one million yen:

- (i) a person who, in violation of an order under the provisions of Article 11(4), has failed to make a deposit;
- (ii) a person who, in violation of the provisions of Article 29-2, has effected Major Changes, etc. to a Trust, who has consolidated trusts, or who has split a trust;
- (iii) a person who, in violation of the provisions of Article 50-2(10), has refused an inspection;
- (iv) a person who, in violation of the provisions of Article 946(3) (Obligation of Inspection, etc.) of the Companies Act as applied mutatis mutandis pursuant to Article 57(6), has failed to make a report or has made a false report;
- (v) a person who has refused any of the requests listed in the items of Article 951(2) (Keeping and Inspection, etc. of Financial Statements, etc.) or the items of Article 955(2) (Statement, etc. in Investigation Record Registry, etc.) of the Companies Act, as applied mutatis mutandis pursuant to Article 57(6), without justifiable grounds;
- (vi) a person who has failed to make a notification under the provisions of Article 64(1) or (3), or who has made a false notification;
- (vii) a person who has failed to submit a report or material under the provisions of Article 64(2), or who has submitted a false report or material;
or
- (viii) a person who has violated the provisions of Article 66.